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ABSTRACT

Designed as an integral part of a one-semester course in small business ownership and management for high school students, this second of two simulation games is intended to be introduced at the end of Unit 2, "The Market is People," and completed in Unit 3, "Dollars and Decisions." The game is divided into two segments--Starting a Business and Running a Business. The first segment, designed for six class periods, emphasizes making a business plan. The second segment designed for nine class periods, emphasizes continuous business planning. (The entire game focus is on the importance of marketing and financial planning in successful business management and the importance of participation in community and business organizations. The simulation experience is intended to assist the students in developing planning skills by providing an opportunity for them to make a plan, receive an evaluation of it, put the plan into effect, see the results of the plan, and revise the original plan in response to changing condition.) Included in the game manual are (1) the game description (overview, objectives, the game model, and evaluation of players' performance); (2) the teacher's guide to daily lessons (complete instructions for preparation, materials, classroom setup, student activity, discussion, etc.); and (3) the complete game materials. (The other game and the teacher's manual for the course of which the games are a part are bound separately.) (TA)

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MINDING YOUR OWN SMALL BUSINESS

Small Business Simulation Game 2

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COPIES OR FACSIMILES OF GAME MATERIALS

Starting a Business

- Role Profile Cards
- Business Profiles:
  - Brentwood Neighbor
  - Flora's Flowers
  - Fraser's Wholesale Stationery
  - Fred's Bakery
  - Peterson's Restaurant
  - Sparkle Cleaners
- Maps:
  - Bus Routes*
  - Crime Rate*
- Market Studies:
  - Brentwood Neighbor
  - Flora's Flowers
  - Fraser's Wholesale Stationery
  - Fred's Bakery
  - Peterson's Restaurant
  - Sparkle Cleaners
- Maps:
  - Average Age and Family Status*
  - Average Income*
  - Type of Housing
- Advertising Information Sheet
- Supplier Information Sheets:
  - Brentwood Neighbor
  - Flora's Flowers
  - Fraser's Wholesale Stationery
  - Fred's Bakery
  - Peterson's Restaurant
  - Sparkle Cleaners
- Wall Map of Brentwood
- Marketing Plan
- Operational Plan
- Purchase Price Worksheet
- Community Participation Information Sheets
- Financial Plan
- Evaluation of Marketing Plan
- Evaluation of Operational Plan
- Evaluation of Financial Plan
- Chance Cards
- Business Plan Scoresheet

Running segment

- Balance Sheet
- Balance Sheet Aid
- Expense Information Sheets:
  - Newspaper
  - Florist

* See SBSG 1 Game Materials

Wholesale Stationery
Bakery
Restaurant
Dry Cleaner

Expense Worksheet

Quarterly Business Plan

Sales and Expense Report

Profit and Loss Statement

Profit and Loss Statement Aid

Summary of Events:
Newspaper
Florist
Wholesale Stationery
Bakery
Restaurant
Dry Cleaner

Information from Chamber of Commerce

Information from Trade Associations:
Newspaper
Florist
Wholesale Stationery
Bakery
Restaurant
Dry Cleaner

Agenda for First Meeting

Chairperson's Report

Information for Chairperson:
Meeting #2
Meeting #3
Meeting #4

Administrator's Key: Community Participation Points

Year-end Worksheet

Year-end Worksheet Aid

Year-end Balance Sheet Aid

Final Scoresheet

Starting Demand Potential Scoresheet

Quarterly Demand Potential Scoresheet:
- Newspaper
- Florist
- Wholesale Stationery
- Bakery
- Restaurant
- Dry Cleaner

Administrator's Key: Amounts to be Added per Quarter for Changes

Sales Charts:
- Newspaper
- Florist
- Wholesale Stationery
- Bakery
- Restaurant
- Dry Cleaner

SMALL BUSINESS SIMULATION GAME 2: DESCRIPTION OF THE GAME

1.0 Overview

Small Business Simulation Game 2 (SBSG 2) is a simulation game designed for use in a high school classroom as an integral part of the small business ownership and management curriculum, entitled Minding Your Own Small Business. The game is intended to be introduced at the end of Unit 2, The Market Is People, and completed in Unit 3, Dollars and Decisions.

The game is divided into two segments -- Starting a Business and Running a Business. The Starting segment emphasizes making a business plan; the Running segment, continuous business planning. The entire game emphasizes (1) the importance of marketing and financial planning in successful business management, and (2) participation in community and business organizations. The Starting segment takes six class periods to play; the Running segment, nine class periods.

One purpose of the game is to assist the students in synthesizing the principles of small business ownership and management they have learned in class. It provides them with an opportunity to apply the principles in a simulated setting, thereby reinforcing and expanding their understanding of small business. In the game students start and run simulated businesses and are thus able to try for themselves the principles they have learned and experience the results of their actions in a non-threatening setting. The game provides a setting more realistic than case studies without placing the students in the position of actually owning and managing small businesses.

A second purpose of the game is to assist the students in developing planning skills by providing an opportunity for them to make a plan, receive an evaluation of it, put the plan into effect, see the results of the plan, and revise the original plan in response to changing conditions.

2.0 Teaching-Learning Objectives

Starting segment

After playing the Starting segment, the student should achieve the following objectives:

1. Given specific market, advertising, and supplier information about a business and a profile of that business, the student will analyze the information and use it to develop a comprehensive business plan, including marketing, operational, and financial plans.

2. Given a business, the student will develop a promotional program, selecting the most appropriate media to convey a selected business image.

After playing the Starting segment, students should be able to express the following concepts:

1. There are many factors to be considered in making a business plan and many details to be taken into account.

2. A business plan should deal with marketing, operational matters, and finances.

2. A definition and understanding of the market to be served and a plan for reaching that market are especially important elements of a business plan.

4. A business plan is needed to obtain financing for a business; financiers are concerned with the entire plan, not just the financial part of it.

Running segment

After playing the Running segment, the student should achieve the following objectives:

1. Given the necessary information, the student will fill out a balance sheet.
2. Given the necessary information, the student will fill out an income statement.
3. Given the necessary information, the student will calculate return on investment.
4. Given a business, the student will make management decisions and calculate their financial effect on the business.

After playing the Running segment, the student should be able to express the following concepts:

1. Continuous planning and revision of earlier plans are necessary in running a business, because the situation in which the business operates is always changing.
2. A well thought out and appropriate business plan will increase sales and long term profit prospects.
3. Profit is influenced by sales and business expenses and can be increased by either increasing sales or decreasing expenses.
4. Return on investment is an improtant measure of a business' profitability; it is calculated by dividing Net Profit or Loss for the period by Tangible Owner's Equity at the end of the period.

5. A business is not operated in isolation; it is part of two communities; the business community and the surrounding residential community.

6. A business can have an effect on the community in which it is located through participation in community organizations.

7. The benefits of membership in community and trade organizations usually outweigh the cost of membership dues.

8. The benefits of each expenditure for community participation should be weighed before the expenditure is made; some types of community participation are more valuable than others.

The following skills may also be developed and practiced by playing SBSG 2.

1. map-reading
2. computation
3. effective interpersonal relations

3.0 The Game Model

3.1 Theoretical Assumptions

The game model is based on the assumption that starting and running a small business involve a series of decisions. In starting a business, the decisions involve kind of business, timing, financing, legal organization, location, and initial set-up of the business. In SBSG 2, the players make decisions regarding kind of business, amount and type of financing, type of legal organization, and initial set-up of the business. It is assumed to be a good time to start a business, and since all players are buying established businesses, the locations are already determined. In running a business, the decisions involve record-keeping, purchasing/production, pricing, sales policies, advertising, expansion, and community participation. All but purchasing/production and planning are treated in SBSG 2.

The entire game is constructed to emphasize and reward planning, analysis, and the use of the decision-making strategy taught in SBSG 1. These approaches to small business management are emphasized because individuals often overestimate the importance of luck in business success. It is assumed that planning and a rational approach to starting and running a business are likely to increase the chances of business success.

The Starting segment of the game is based on the assumption that a written business plan increases chances of business success. The elements of a business plan included in the game were based on discussion of business plans found in Klatt (1973), the SBA's Business Plan for Retailers, and the Department of Housing and Urban Development's Business Packaging.

The Running segment of the game is based on the following assumptions: (1) profit is influenced by sales and business expenses; (2) sales are influenced by advertising, customer services, and product line; (3) business expenses include cost of labor, materials, advertising, customer services, and overhead; (4) business persons can control the factors that determine profit; (5) participation in community and business organizations can increase profits and chances of business success.

The measure of success in the game, the Long-term Profit Prospects Score, is based on the assumption that the long-term profit prospects for a business are determined by the initial plan for the operation of the business, subsequent changes in the plan, and the resultant return on investment realized by the owners. It is assumed that demand for and therefore sales of a product are influenced by appropriateness to the market, sales policies, free services, and advertising and promotion; a businessperson would have a general idea of the influence of each of these factors, but not a detailed knowledge of the degree of that influence. These assumptions are reflected in the Demand Potential Score, which determines sales but is not reported to the players.

3.2 The Scenario

Roles of the Players. Each player represents a person who has decided to invest in a small business. Players receive role profiles describing their past experience and training, present job situation, and the amount of money they can invest in a business. No one player has enough experience, training or money to purchase and run any of the businesses by him/herself; each player must find someone else who is willing to go into business with him/her. All players purchase established businesses; they may choose from a florist shop, a dry cleaners, a restaurant, a wholesale bakery, a community newspaper, and a wholesale stationery company. All of the players are members of the Brentwood Merchants Association. During the Running segment of the game, one of the players is elected chairperson of the association and must take charge of its meeting. Depending on the size of the class, there are either two or three players in each business. The game requires one administrator, normally the teacher of the class.

Goals of the Players. The goal of each set of players is to make its business successful. Success in SBSG 2 is measured in terms of long term profit prospects. The long term profit prospects score is assigned at the end of the Starting segment on the basis of the business plan prepared. During the Running segment of the game, the long term profit prospects score is influenced by annual return on investment (ROI). The winner of the game is the business which ends the game with the highest long term profit prospects score.

Resources of the Players. In SBSG 2 players have one resource -- money. During the Starting segment of the game, money is used as owners' equity in obtaining financing. During the Running segment, money is used to cover expenses and is acquired from sales of goods and services. Players may also spend money on community projects during the Running segment.

Setting Simulated. The setting for SBSG 2 is Brentwood, a neighborhood with its own business district and a population of about 20,000. It is located in the city of Calverton (metropolitan area population 1,000,000), about five miles west of the main downtown shopping district.

The Starting segment of the game does not represent any specific period of time. The Running segment represents the first two years in the operation of the business. Each round represents one year and is divided into four quarters.

Sequence of Events. The players begin the Starting segment of the game by receiving role profiles, which indicate their past experience and training and the amount of money they can invest. After deciding which business to buy and with whom to go into business, they are ready to begin work on their business plans. The Business Plan consists of three subplans: a Marketing Plan, an Operational Plan, and a Financial Plan. After receiving information on advertising and a Market Study and Business Profile for the business they have selected, they complete a Marketing Plan for their business. The Marketing Plan is evaluated by the administrator and returned to the players. The players then receive information about suppliers and complete an Operational Plan, which is evaluated and returned to them. Next, players decide what to offer for the business and draw a chance card to arrive at the actual price to be paid. They then complete a Financial Plan, which is also evaluated and returned to them. Finally, the players revise all these subplans and resubmit them as a total business plan and application for financing. At the end of the Starting segment, they receive a scoresheet which indicates the score they have received on their business plan and the terms of the financing they have been granted. The Administrator also calculates Long Term Demand Potential for each business, based on the rating given to its Marketing Subplan and on its choice of suppliers. This score is not reported to the players.

The players begin the Running segment of the game by completing a Balance Sheet as of the transfer of ownership of the business. They begin Year 1 of their operation of the business by completing an Expense Worksheet. Each quarter, they complete a Quarterly Business Plan and submit it to the Administrator. The Administrator uses the business plan to calculate Quarterly Demand Potential for the business. This score determines sales for the quarter, but is not reported to the players. The Quarterly Business Plan is returned to the players, along with a Sales and Expense Report and a Summary of Events for the Quarter. Players then complete a Profit and Loss Statement based on the information received from the Administrator. At the end of Year 1 players fill out a Year-end Worksheet and complete a Balance Sheet as of the end of the year. Return on investment (ROI) for the year is calculated and converted into points, which are added to their Starting Score. Year 2 follows the same sequence as Year 1. At the end of Year 2, a final score is calculated and a winner declared.

During the Running segment the students participate in four meetings of the Brentwood Merchants' Association. These meetings are held between Quarters 1 and 2 and between Quarters 3 and 4 of each year.

External Factors. Negotiation between buyer and seller of a business is included in the form of chance cards. Since sellers are not actually represented in the game, direct negotiation is not possible; instead, players draw chance cards stating the purchase price to which the seller will agree. There are ten chance cards, with prices ranging from 2% to 15% more than the buyer's offer.

Certain seasonal fluctuations in business and large one-time sales are included in the Running segment of the game. For some quarters, amounts are listed on the sales charts which the Administrator is instructed to add to regular sales. Players are informed of these sales or fluctuations in the Summary of Events they receive.

3.3 The Game Materials*

Starting segment:

1. Role Profiles (one for each player). The role profiles outline for the players their past experience and training, their present job situation, their interest in business, and the amount of money they can invest in a business. Their purpose is to enable players to form businesses with others whose skills and finances complement their own.

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* Facsimiles of the game materials are included in the Appendix.

2. Business Profiles (one for each business). The business profiles provide the players with information about the business they are buying and about current community and nationwide trends in that type of business. Information includes physical condition, neighborhood characteristics, owner's analysis and plans, product and service line, sales policies, advertising, legal organization, insurance, personnel, equipment and fixtures, and financial records.

3. Market Studies (one for each business). The market studies summarize the information players would discover if they were to do a market study of the business they are buying. Information is provided on the economic situation in the metropolitan area and Brentwood, on competition, and on customer characteristics.

4. Information Sheets (one of each type for each business).
    a. Advertising. This sheet provides information about advertising rates for Brentwood and Calverton. It is used by the players in completing the advertising section of their marketing plan.
    b. Suppliers. This sheet provides information about available suppliers, including price, service, quality, and products supplied. It is used by players in completing the supply section of their operational plan.

5. Wall Map of Brentwood (one). This map indicates the location of each business. It is used by the players in combination with their business profiles and market studies to complete their marketing plans. The diagram below is the scheme for assembly of the map.

1	2	3
4	5	6
7	8	9

6. Worksheets (one copy of each type for each business).
    a. Marketing Plan is used by the players to draw up the marketing subplan of their business plan.

b. Operational Plan is used by the players to draw up the operational subplan of their business plan.

c. Purchase Price Worksheet is used by the players to decide what to offer for the business they are buying and to calculate the price agreed on by the owner.

d. Community Participation Information Sheet (one for each business). This sheet provides information about business and community organizations the players can join. It is used as a basis for deciding which organizations to join and for completing the Projected Profit and Loss Statement on the Financial Plan.

e. Financial Plan is used by the players to draw up the financial subplan of their business plan.

7. Evaluation Sheets (three different sheets -- one copy of each for each business). The evaluation sheets are used by the administrator to rate the business plans drawn up by the players. The plans are rated twice: once during the Starting segment, to represent a counselor's advice on a business plan, and once at the end of the Starting segment, to represent the bank's impression of a business plan and response to an application for financing. There is a separate evaluation sheet for each subplan.

8. Chance Cards (10 Cards). The Chance Cards are used to arrive at the price to be paid for the business. They represent the process of negotiation between buyer and seller.

9. Business Plan Scoresheet (one copy for each business). This scoresheet is distributed to the players at the end of the Starting segment of the game. It is used to inform them of the score they have received on their Business Plans and of the amount and terms of the financing they have received.

Running segment:

1. Balance Sheet (three copies for each business). Balance sheets are completed as of transfer of ownership of the business, as of the end of Year 1, and as of the end of Year 2. The balance sheet used is a standard form balance sheet.

2. Balance Sheet Aid (one copy for each business). This sheet aids the players in completing their balance sheets.

3. Expense Information Sheet (one for each business). This sheet informs players of the expenses they have incurred in starting their business and tells them what their regular yearly expenses will be. It is used in completing the Expense Worksheet and the first Profit and Loss Statement.

4. Expense Worksheet (one copy for each business). This sheet is used to arrive at a total for the expenses which do not vary each quarter in the game. A yearly total is calculated and then divided by four to give a figure for quarterly regular expenses. This figure is used to simplify completion of the Profit and Loss Statement and reduce the amount of addition required on that sheet.

5. Quarterly Business Plan (eight copies for each business). Players use this plan to outline their advertising and promotion for the quarter, and to list any changes planned in services and sales policies, product line, suppliers, and insurance.

6. Sales and Expense Report (eight copies for each business). The Administrator uses this report to inform the players of their sales and additional expenses for each quarter and to notify them when they must add another employee to increase their sales.

7. Profit and Loss Statement (eight copies for each business). Players complete a Profit and Loss Statement at the end of each quarter. It resembles a standard profit and loss statement, except that expenses that do not vary each quarter are not listed separately, but included instead in quarterly regular expenses.

8. Profit and Loss Statement Aid (one copy for each business) This sheet aids the players in completing their Profit and Loss Statements.

9. Summary of Events (eight for each business). A Summary of Events is given to each business with Sales and Expense Report. It lists important events and unexpected costs for the quarter and reports bad debts and credit card costs.

10. Information from Chamber of Commerce (one copy for each business). These information sheets are distributed to the businesses that join the Chamber of Commerce; they give advance notice of decisions and events affecting the community, along with information dealing with issues to be discussed by the Merchants' Association.

11. Information from Trade Associations (four for each business). These information sheets are given to the businesses that join their trade associations. They contain information to help the businesses in making decisions.

12. Agenda for First Meeting--Brentwood Merchants' Association (one copy for each business). This sheet is distributed prior to the first meeting of the association.

13. Chairperson's Report--Brentwood Merchants' Association (four copies). This sheet is used by the Chairperson to report to the Administrator the decisions made by the association and the donations promised by the members.

14. Information for Chairperson--Brentwood Merchants' Association (three different sheets). These sheets tell the Chairperson what issues are to be discussed at each meeting of the Merchants' Association and give background on each issue.

15. Administrator's Key: Awarding Community Participation Points (one copy). This key is used by the Administrator in deciding whether or not Merchants' Association projects are successful and in determining how many points to award to the businesses for each successful project.

16. Year-end Worksheet (two copies for each business). Players use this worksheet at the end of each year to calculate changes in the figures that appear on the balance sheet.

17. Year-end Worksheet Aid (one copy for each business). This sheet aids the players in completing their Year-end Worksheets.

18. Year-end Balance Sheet Aid (one for each business). This sheet aids the players in completing their Year-end Balance Sheets.

19. Final Scoresheet (one copy for each business). The final scoresheet is used to calculate ROI at the end of each year and to determine the resulting change in the Starting Score. At the end of Year 1, the final score is added up on this form.

20. Starting Demand Potential Scoresheet (one for each business). The Administrator uses this sheet to determine the Long Term Demand Potential with which each business will begin the Running segment of the game. Quality points based on suppliers selected are added to the score received on the marketing subplan to arrive at Long Term Demand Potential.

21. Quarterly Demand Potential Scoresheet (two for each business). The Administrator uses these sheets to figure quarterly demand potential for each business. On one side changes in Long Term Demand Potential are calculated. On the other, points are added to the Long Term score to arrive at Quarterly Demand Potential. Each sheet has space for four quarters.

22. Administrator's Key: Amounts to be Added per Quarter For Changes (one copy). The Administrator uses this key to determine the amounts to be added or subtracted on the Profit and Loss Statement as a result of changes indicated on the Quarterly Business Plan.

23. Sales Charts (six charts). The Administrator uses these charts to determine quarterly sales for each business.

Materials to be Provided by the Teacher:

1. A large (9" x 12") manila envelope for each business.

2. Scratch paper.

3. Pencils -- one for each player.

4. Colored pencils -- two different colors.

3.4 Scoring the Game and Determining the Winner

At the end of the Starting segment of the game, players receive a score on their Business Plans which represents their long term profit prospects. Long Term Demand Potential is also calculated for each business, based on its Marketing Plan and choice of suppliers, but players are not told about it. At this point in the game, no winner is declared, since the players continue into the Running segment of the game with their Demand Potential and long term profit prospects scores.

At the end of the second "year" of the Running segment of the game, players receive their final score. The winner of the game is the business with the highest score.

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Information received from various local and national trade and community organizations.

4.0 Evaluating the Players' Performance in the Game

The players' performance in the game should not be evaluated solely on the basis of score. Although this measure is used to determine the winner of the game, small differences between businesses in number of points earned are not important. Only one business will be declared a "winner" each time the game is played, but many more of the players may follow a wise strategy, make correct decisions, and achieve the educational objectives of the game.

The post-game discussions at the end of each segment of the game will be helpful in determining whether the players have understood and are able to express the concepts listed in Section 2.0, Teaching-Learning Objectives. Players' overall performance in the game can be evaluated on the basis of their achievement of the educational objectives in Section 2.0. Even players who have made many mistakes in drawing up their business plan or running their business may have learned from those mistakes and achieved most of the objectives.

SMALL BUSINESS SIMULATION GAME 2: GUIDE TO DAILY LESSONS

Planning Ahead: Preparations Required for Module 2.21

Allocating Time

Module 2.21, consisting of the Starting segment of SBSG 2, will last six class periods; it is scheduled at the end of Unit 2. However, your preparation for the game should begin long before this point in the course.

At the beginning of the course: Before beginning the course, you chould have read the DESCRIPTION OF THE GAME section of the TEACHER'S MANUAL to familiarize yourself in a general way with the game and its Teaching-Learning Objectives.

Two weeks before Module 2.21: Begin preparing yourself to administer the game. If there are more than 18 students in the class, you will need an additional administrator; if there are more than 36 students, you will need two additional administrators.

One week before Module 2.21: Begin preparing the playing materials and the players for the game. Determine number, type, and size of businesses to be used in the game. Put yourself and any additional administrator(s) through a dry run of the game.

Preparing Yourself

Your preparations to administer the game should begin two weeks before Module 2.21. At this time, you should read carefully the entire TEACHER'S MANUAL and examine all of the playing materials to become familiar with them and to make sure that you have a complete set. If you need additional administrators, this is the time to recruit them and begin training them. These additional administrators are not assistants to you; they will each be in charge of a separate game group, and they will need to be as familiar with the game materials and procedures as you are. Each of them will need a copy of the TEACHER'S MANUAL.

About a week before the first day of game play, put yourself and any additional administrator(s) through a "dry run" of the game. Practice arranging the playing materials in the order they are given out. Read aloud the script provided for introducing the game to the players and practice all of the administrative procedures described to make certain you understand them. Become thoroughly familiar with all of the business plan worksheets, and make sure you understand how each section should be filled out. Using one of the businesses as an example, work through the Purchase Price Worksheet; doing this will make it easier for you to explain it to the players.

Make sure you understand how the game is scored; in particular, study the Criteria for Evaluating Business Plans on pages 53-64 for each business. If you are familiar with the criteria, it will be much easier to rate the players' business plans and evaluate students' performance in the game. You will also need to be thoroughly familiar with the Business Profile and Market Study for each business in order to evaluate the business plans. Read these materials carefully before administering the game.

Determining Number, Type, and Size of Businesses

In order to prepare the playing materials for the game session, you will need to know which role profiles and which businesses will be included in your play of the game. The role profiles which are used determine which businesses will be represented and how many players there will be in each business. Role profiles #1-6 state definitely what business the player will go into. Role profiles #7-12 are less definite, but contain information on past experience and training that indicates which business would be most logical. Players with Role Profiles #2 and #9 should buy the bakery; #3 and #8, the flower shop; #4 and #11, the dry cleaner; #1 and #7, the restaurant; #5 and #10, the newspaper; #6 and #12, the wholesale stationery company. Role Profiles #13-18 are completely general and non-committal; players with these role profiles could fit any of the businesses. Role Profiles #13-18 are used only in classes in which three-member businesses are required. Use the table on page 20 to determine how your play of the game will be organized.

EXAMPLE: If there were 21 students in the class, you would divide the class into two game groups, with 10 players in one group and 11 in the other. In the first game group, you would use Role Profiles #1, 2, 3, 4, 5, 6, 7, 8, 9, 11, and 12; the restaurant, florist, bakery, dry cleaner, and wholesale stationery would be included; and there would be a total of five businesses with two players in each one. In the second game group, you would use Role Profiles #1, 2, 3, 4, 6, 7, 8, 9, 11, 12, and 13; the restaurant, florist, bakery, dry cleaner, and wholesale stationery would be included; and there would be a total of five businesses -- four with two players in each one, and one with three players in it.

Make your preparations for the game session on the basis of the number of students enrolled in the class (i.e., the maximum number that could be present for the game session). You may have to make adjustments the day the game is introduced because of absences, but doing so will be relatively easy if you have prepared for the maximum number of players possible.

NOTE: If you have planned for an even number of students that is less than 13, be sure to keep Role Profile #13 handy. You will have to use it if an odd number of students is present on the day of the game session.

Determining Number, Type, and Size of Businesses

Number of Students in the Class	Role Profiles to be Included	Businesses to be Included	Number of 2-Player Businesses	Number of 3-Player Businesses	Total Number of Businesses
6	#1, 2, 4, 7, 9, 11	Restaurant, Bakery, Dry Cleaner	3	0	3
7	#1, 2, 4, 7, 9, 11, 13	Restaurant, Bakery, Dry Cleaner	2	1	3
8	#1, 2, 4, 6, 7, 9, 11, 12	Restaurant, Bakery, Dry Cleaner, Stationery	4	0	4
9	#1, 2, 4, 6, 7, 9, 11, 12, 13	Restaurant, Bakery, Dry Cleaner, Stationery	3	1	4
10	#1, 2, 3, 4, 6, 7, 8, 9, 11, 12	Restaurant, Florist, Dry Cleaner, Bakery., Stationery	5	0	5
11	#1, 2, 3, 4, 6, 7, 8, 9, 11, 12, 13	Restaurant, Florist, Dry Cleaner, Bakery, Stationery	4	1	5
12	#1-12	All	6	0	6
13	#1-13	All	5	1	6
14	#1-14	All	4	2	6
15	#1-15	All	3	3	6
16	#1-16	All	2	4	6
17	#1-17	All	1	5	6
18	#1-18	All	0	6	6

Preparing the Playing Materials

After you have determined the role profiles and businesses to be represented in your play of the game, you can prepare the playing materials you will need. Facsimiles of the game materials are included in the Appendix. Use the list of playing materials on pages 6-10 to determine how many copies of each item you will need. Make sure you have a complete set of game materials for each game group.

Obtain a 9" x 12" manila envelope for each business; label the envelopes "bakery", "florist", "dry cleaner", "restaurant", "newspaper", and "wholesale stationery". In each envelope place the following:

1. the Business Profile for the business,

2. the Market Study for the business,

3. a copy of the Marketing Plan Worksheet,

4. a copy of the Advertising Information Sheet.

The material presented in the course will provide the subject matter preparation the students will need in order to play the game. In addition, you should let them know ahead of time when the game is to be played.

Module 2.21: SBSG 2 -- Starting a Business

Time Required

Six 50-minute class periods

Suggested Sequence and Scope of Class Sessions

Period 1:	Introduce game to players. Begin play of SBSG 2, Starting segment (select and form businesses; begin work on Marketing Plan).
Period 2:	Players complete Marketing Plan.
Period 3:	Players complete Operational Plan.
Period 4:	Players arrive at the price for businesses and complete Financial Plan.
Period 5:	Players revise or complete subplans as needed; submit entire business plan for evaluation.
Period 6:	Scoring and post-game discussion.

Checklist: Preparations Required for Period 1

TWO WEEKS AHEAD OF TIME:

_____ Read entire TEACHER'S MANUAL.

_____ Examine all playing materials.

_____ Recruit additional administrators, if needed.

ONE WEEK AHEAD OF TIME:

_____ Have a "dry run" of the game.

_____ Study scoring system of Starting segment.

_____ Determine role profiles and businesses needed for your group.

_____ Assemble number of copies of playing materials needed for your group.

_____ Prepare manila envelopes for businesses.

_____ Inform players of game date.

_____ Assemble scratch paper and pencils.

THE DAY OF THE GAME SESSION:

_____ Arrange furniture in classroom.

_____ Arrange playing materials.

_____ Write "List of Businesses for Sale" on chalkboard (see page 26).

Period 1: The First Game Session

Teaching-Learning Activities

1. Introducing SBSG 2, Starting segment, to students
2. Beginning play of SBSG 2, Starting segment
    a. Selecting and forming businesses
    b. Beginning work on Marketing Plan

Time Required

1. Classroom administrative matters (roll-taking, etc.):	5 minutes
2. Beginning introduction of SBSG 2:	5 minutes
3. Choice and formation of businesses:	10 minutes
4. Completing introduction of SBSG 2:	5 minutes
5. Beginning work on Marketing Plan:	20 minutes
6. Clean-up and collection of playing materials:	5 minutes
Total:	50 minutes

Materials Required

1. Teacher's Manual for SBSG 2
2. Wall Map of Brentwood
3. Role Profile Cards (maximum number needed for class)
4. One manila envelope for each business, prepared as described on page 25.

5. Enough scratch paper for all students

6. One pencil for each student

Classroom Set-up

1. Furniture. The classroom furniture should be arranged so that groups of 2-3 students can easily work together. If you are using more than one game group, it is best to put each game group in a separate room. If more than one room is not available, the groups should be separated as much as possible.

2. Playing Materials. The following playing materials should be on the Administrator's desk:
   - a. Teacher's Manual for SBSG 2
   - b. Role Profile Cards (maximum number needed for class, determined from chart on page 20)
   - c. Previously prepared manila envelopes containing Business Profiles, Market Studies, Marketing Plan Worksheets, and Advertising Information Sheets

   The Wall Map of Brentwood should be hung on a wall where it will be convenient for all players to refer to it.

   As soon as the students have arrived and you have taken roll, you should make any necessary adjustments in the role profiles and businesses to be included in the game. Use the chart on page 20 to determine what changes you must make because of absences. Try to leave room in the businesses formed for the absent students. However, there should be no one-member businesses. If you can keep all the businesses you originally planned in the game with at least two players in each one, then do so. If using all the businesses originally planned means that there would be only one player in any business, then eliminate that business. (Note: If you have more than 18 students in your class, but 18 or fewer are present during Period 1, divide them into two game groups anyway. If you have them all play in one game group, there will be no room in the businesses they form for the absent students on their return.)

3. Chalkboard. Before class starts, write the following on the chalkboard: (Include only the businesses to be represented in your play of the game.)

List of Businesses for Sale

Business	Owner's Asking Price
Flora's Flowers	$15,000
Peterson's Restaurant	$20,000
Fred's Bakery	$280,000
Sparkle Cleaners	$20,000
Brentwood *Neighbor* (newspaper)	$110,000
Fraser's Wholesale Stationery	$50,000

Introducing the Game to Players

The following script should be used to introduce the game to the players. If there are two or more game groups in the same room, the game should be introduced to all players at the same time by one administrator.

1. TELL the class

   TODAY WE ARE GOING TO START PLAYING *SMALL BUSINESS SIMULATION GAME 2* (SBSG 2). IN THIS GAME YOU WILL EACH PLAY THE ROLE OF A PERSON WHO HAS DECIDED TO GO INTO BUSINESS. YOU WILL BE BUYING AND OPERATING SMALL BUSINESSES OF ALL TYPES -- WHOLESALE AND RETAIL STORES, MANUFACTURING PLANTS, AND SERVICE ESTABLISHMENTS.

   THERE ARE TWO PARTS TO SBSG 2. IN THE FIRST PART, "STARTING A BUSINESS", YOU WILL FIND A BUSINESS TO BUY, DRAW UP A BUSINESS PLAN FOR IT, AND OBTAIN FINANCING FROM THE BANK AND OTHER SOURCES. IN THE SECOND PART, "RUNNING A BUSINESS", YOU WILL RUN THE BUSINESS YOU HAVE STARTED AND PARTICIPATE IN ACTIVITIES OF THE COMMUNITY IN WHICH YOUR BUSINESS IS LOCATED. TODAY WE WILL BE PLAYING THE FIRST PART OF THE GAME, "STARTING A BUSINESS".

AS A SMALL BUSINESS OWNER/MANAGER YOU WANT YOUR BUSINESS TO BE SUCCESSFUL. IN THIS GAME, SUCCESS WILL BE MEASURED BY YOUR LONG TERM PROFIT PROSPECTS. DURING THE "STARTING SEGMENT" OF THE GAME, YOU WILL DRAW UP A BUSINESS PLAN CONSISTING OF THREE SUBPLANS: A MARKETING PLAN, AN OPERATIONAL PLAN, AND A FINANCIAL PLAN. AT THE END OF THE STARTING SEGMENT, YOU WILL TAKE YOUR PLAN TO THE BANK FOR FINANCING. AT THIS TIME, THE "BANKER" WILL EVALUATE YOUR PLAN, AND YOU WILL RECEIVE A "LONG TERM PROFIT PROSPECTS SCORE". THIS SCORE WILL BE BASED ON THE RATING YOU RECEIVE ON YOUR BUSINESS PLAN.

AS A PROSPECTIVE SMALL BUSINESS OWNER/MANAGER, YOU HAVE (1) DECIDED HOW MUCH OF YOUR SAVINGS YOU CAN INVEST IN A BUSINESS AND (2) CHECKED THE ECONOMIC CONDITIONS AND DECIDED THAT THIS IS A GOOD TIME TO START A BUSINESS. IN THIS GAME, ALL OF YOU WILL BE BUYING BUSINESSES IN BRENTWOOD, A NEIGHBORHOOD ON THE WEST SIDE OF THE CITY OF CALVERTON. THE MAP ON THE WALL REPRESENTS BRENTWOOD.

BRENTWOOD HAS ITS OWN BUSINESS DISTRICT AND IS LOCATED ABOUT FIVE MILES FROM CALVERTON'S DOWNTOWN BUSINESS DISTRICT.

ON THE CHALKBOARD IS A LIST OF THE BUSINESSES FOR SALE IN THIS GAME:

FLORA'S FLOWERS -- THE OWNER IS ASKING $15,000; PETERSON'S RESTAURANT -- ASKING PRICE $20,000; FRED'S BAKERY -- $280,000; SPARKLE CLEANERS -- $20,000; BRENTWOOD NEIGHBOR, WHICH IS A NEWSPAPER -- $110,000; AND FRASER'S WHOLESALE STATIONERY -- $50,000.

I WILL NOW GIVE EACH OF YOU A ROLE PROFILE. PLEASE READ YOUR PROFILE BUT DO NOT DISCUSS THEM WITH EACH OTHER YET.

2. DISTRIBUTE role profile cards and allow players to read them.

3. TELL the class

SOME OF YOU HAVE ROLE PROFILES WHICH SAY THAT YOU ARE INTERESTED IN A CERTAIN KIND OF BUSINESS; YOU NEED TO FIND SOMEONE TO GO INTO BUSINESS WITH YOU. TRY TO FIND SOMEONE WITH KNOWLEDGE AND EXPERIENCE WHICH ARE NEEDED TO RUN YOUR BUSINESS, BUT WHICH YOU DO NOT HAVE. YOU WILL ALSO NEED AT LEAST 50% OF THE AMOUNT NEEDED TO BUY THE BUSINESS IN ORDER TO GET A LOAN.

THE REST OF YOU HAVE MONEY, EXPERIENCE, AND AN INTEREST IN BUSINESS. NO ONE PLAYER HAS ENOUGH MONEY TO FINANCE A BUSINESS BY HIM/HERSELF OR ENOUGH BUSINESS EXPERIENCE AND KNOWLEDGE TO RUN IT BY HIM/HERSELF.

YOU WILL NOW HAVE TEN MINUTES TO FIND ANOTHER PLAYER (OTHER PLAYERS) TO GO INTO BUSINESS WITH YOU. NONE OF THE BUSINESSES FOR SALE CAN PAY A SALARY TO MORE THAN TWO OWNERS. PLEASE TELL ME WHEN YOU HAVE DECIDED WHO YOU WILL GO INTO BUSINESS WITH. [THERE WILL BE __ BUSINESS(ES) WITH THREE PEOPLE IN IT (THEM).] [YOU MUST FORM YOUR BUSINESSES WITHIN YOUR OWN GAME GROUP.]

[At the end of 10 minutes or when all have chosen, continue:]

YOU ARE NOW READY TO FIND OUT ABOUT THE BUSINESS YOU HAVE SELECTED AND DRAW UP A BUSINESS PLAN FOR RUNNING IT. IN THIS GAME, YOU ARE NOT TRYING TO DECIDE WHETHER OR NOT TO BUY THE BUSINESS YOU ARE INVESTIGATING. ALL OF THE BUSINESSES HAVE THE POTENTIAL OF SUCCEEDING, IF THEY ARE PROPERLY MANAGE. YOU ARE TRYING TO DECIDE WHAT NEEDS TO BE DONE TO MAKE THE BUSINESS MORE PROFITABLE THAN IT NOW IS.

YOUR MAIN TASK DURING THE STARTING SEGMENT OF THE GAME IS TO COMPILE A BUSINESS PLAN. DURING THE STARTING SEGMENT OF THE GAME, I WILL BE PLAYING THE ROLE OF COUNSELOR; MY FUNCTION IS TO HELP YOU COMPLETE A BUSINESS PLAN THAT WILL BE ACCEPTABLE TO THE BANK. AS YOU FINISH EACH SUBPLAN, YOU WILL BRING IT TO ME AND I WILL EVALUATE IT. YOU WILL THEN HAVE A CHANCE TO REVISE IT IF YOU NEED TO. AT THE END OF THE STARTING SEGMENT OF THE GAME, YOU WILL SUBMIT ALL THREE SUBPLANS TO THE BANK AS A COMPLETED BUSINESS PLAN AND LOAN APPLICATION.

YOU WILL BEGIN YOUR BUSINESS PLAN BY COMPLETING A MARKETING PLAN. I WILL NOW GIVE YOU A MANILA ENVELOPE CONTAINING A "MARKETING PLAN WORKSHEET", A "MARKET STUDY" AND "BUSINESS PROFILE" FOR YOUR BUSINESS, AND INFORMATION ON ADVERTISING. PLEASE CHECK TO SEE THAT ALL OF THESE MATERIALS ARE IN YOUR ENVELOPE, BUT DO NOT START TO READ THEM YET.

4. DISTRIBUTE envelopes containing Marketing Plan worksheets, Business Profiles, Market Studies, and Advertising Information sheets.

5. TELL the class

THE "BUSINESS PROFILE", "MARKET STUDY", "ADVERTISING INFORMATION SHEET", AND LARGE WALL MAP OF BRENTWOOD GIVE YOU ALL THE INFORMATION YOU NEED TO COMPLETE YOUR "MARKETING PLAN". THE LOCATION OF YOUR BUSINESS IS SHOWN ON THE WALL MAP. BEGIN BY READING THE "BUSINESS PROFILE" AND "MARKET STUDY"; THEN USE THE INFORMATION IN THEM AND IN THE ADVERTISING INFORMATION SHEET TO FILL OUT THE "MARKETING PLAN" WORKSHEET. YOU WILL HAVE UNTIL ________________ [the end of the next class period] TO FINISH YOUR "MARKETING PLAN".

ALL MEMBERS OF THE BUSINESS SHOULD WORK TOGETHER IN DEVELOPING THE BUSINESS PLAN, BUT YOU SHOULD NOT ASK FOR ADVICE OR HELP FROM PLAYERS OUTSIDE YOUR BUSINESS.

6. ASK the students if they have any questions.

Administering the Game

After you have introduced the game to the players, your main game function will be to evaluate the players' plans as they are completed. Evaluation of plans will generally be done outside of class; in any case, no plans should be completed during Period 1.

Answer questions about game procedures as they arise. If one person asks a question that seems applicable to the rest of the class, stop the game for a moment and give the answer to the entire class. Do not tell students what to put into their Marketing Plans, but do give interpretations of information sheets or explanations of vocabulary words. If students do not understand what type of information to include in each section of the Marketing Plan, tell them to use the contents of the various sections of their Business Profile as a guide.

Managing the Game Session

Keep close track of the time, and do not exceed the recommended limits for each activity. Be sure to stop play of the game five minutes before the end of the period to allow for clean-up and collection of materials.

Potential Problem and Suggested Solution

If there are students in your class who would cause problems if they were in the same business, you may want to "stack the deck" of role profile cards, to insure that they do not end up together.

Collecting the Playing Materials

Five minutes before the end of the period, announce that it is time to stop playing the game and start cleaning up. Ask the players to put all of their playing materials (including their role profile cards) and notes into their manila envelope and to label the envelope with their names. Collect the envelopes before the students leave.

Checklist: Preparations Required for Period 2

THE DAY BEFORE THE GAME SESSION:

_____ Re-read section of TEACHER'S MANUAL dealing with Period 2.

THE DAY OF THE GAME SESSION:

_____ Arrange furniture in classroom.

_____ Arrange playing materials.

Period 2: The Second Game Session

Teaching-Learning Activity

Play of SBSG 2, Starting segment -- completing work on Marketing Plan

Time Required

1. Classroom administrative matters (roll-taking, etc.):	5 minutes
2. Play of SBSG 2, Starting segment (completing work on Marketing Plan):	40 minutes
3. Clean-up and collection of playing materials:	5 minutes
Total:	50 minutes

Materials Required

1. Teacher's Manual for SBSG 2
2. Wall Map of Brentwood
3. The manila envelope for each business from Period 1
4. Enough scratch paper for all students
5. One pencil for each student
6. One colored pencil for the Administrator

Classroom Set-up

1. Furniture. Same as Period 1.
2. Playing Materials. Same as Period 1.

Distributing Playing Materials

As soon as the students arrive and roll has been taken, distribute the manila envelopes from Period 1, along with the scratch paper and pencils. The envelopes should not have been opened since Period 1; they will contain everything the students used during Period 1, but nothing else.

Generally, some students will be present for Period 2 who were not present for Period 1, and some who were there for Period 1 will not be there for Period 2. Give new students a role profile from profiles #13-18, and add them to two-member businesses to form three-member businesses. If there are not enough role profiles left for all of the students who were absent, assign the left-over ones to three-member businesses. They will not contribute any money to the business or draw a salary from it, but they can work with the group in making decisions. If students are absent who were there for Period 1, their businesses should carry on without them, even if it means that some players are temporarily working alone. If all members of a business are absent for Period 2, their business remains in the game. No new players should be assigned to the business. The original members of the business simply lose the time they would have had to work on their business plan during Period 2; the time can be made up outside of class if desired.

Administering the Game

At the beginning of the period, tell the students that they will have until the end of the period to complete their Marketing Plans.

Five minutes before the end of the period, tell the students the following:

1. TELL the class

   YOUR TIME FOR WORKING ON YOUR "MARKETING PLAN" IS UP. YOU MUST NOW SUBMIT YOUR "MARKETING PLAN" TO ME FOR EVALUATION, EVEN IF YOU HAVE NOT FINISHED IT. I WILL EVALUATE IT AND RETURN IT TO YOU AT THE BEGINNING OF THE NEXT PERIOD. PLEASE PUT ALL OF YOUR MATERIALS EXCEPT YOUR "MARKETING PLAN" INTO YOUR ENVELOPE, AND HAND IN YOUR ENVELOPE AND "MARKETING PLAN".

All Marketing Plans should be turned in at the end of Period 2, even if they are not finished. There will be time during Period 5 to finish any subplans not completed earlier. You will evaluate the Marketing Plans outside of class before Period 3 and return them to the students at the beginning of Period 3. Use the Guide to Evaluating Business Plans on pages 55-69 in your evaluation of the Marketing Plans.

Managing the Game Session

Game management will be the same as for Period 1. Once again, remember to leave five minutes at the end of the period for clean-up and collection of materials.

Potential Problems and Suggested Solutions

Students finishing Marketing Plans early. Students do not need to wait until the end of the period to turn in their Marketing Plans if they finish early. You can start evaluating the plans in class if you wish. Students who finish early should not go on to the next part of the game, but can spend the rest of the period doing something else.

Students not finishing Marketing Plans by end of period. Students should submit their plans at the end of the period, whether finished or not. Explain to them that there will be time later to finish. You should evaluate only the finished part of the plan.

Checklist: Preparations Required for Period 3

THE DAY BEFORE THE GAME SESSION:

_____ Complete evaluation of all Marketing Plans.

_____ Re-read section of TEACHER'S MANUAL dealing with Period 3.

_____ Prepare manila envelopes as described on page 37.

THE DAY OF THE GAME SESSION:

_____ Arrange furniture in classroom.

_____ Arrange playing materials.

Period 3: The Third Game Session

Teaching-Learning Activities

1. Explanation of evaluation of Marketing Plan
2. Completion of Operational Plan

Time Required

1. Classroom administrative matters (roll-taking, etc.):	5 minutes
2. Explanation of evaluation of Marketing Plan:	5 minutes
3. Work on Operational Plan:	35 minutes
4. Clean-up and collection of playing materials:	5 minutes
TOTAL:	50 minutes

Materials Required

1. Teacher's Manual for SBSG 2
2. Wall Map of Brentwood
3. The manila envelope for each business, prepared as described under Classroom Set-up on the following page
4. Marketing Plans
5. Evaluations of Marketing Plans
6. Enough scratch paper for all students
7. One pencil for each student
8. One colored pencil for the Administrator

Classroom Set-up

1. Furniture. Same as previous periods.

2. Playing Materials. Between Periods 2 and 3, add to each business' manila envelope the following:

   a. Operational Plan Worksheet

   b. The appropriate Supplier Information Sheet

   The playing materials should be arranged as they were for the previous periods.

Distributing Playing Materials

Begin the period by saying the following:

1. TELL the class

   I WILL NOW RETURN YOUR "MARKETING PLANS" TO YOU.

2. DISTRIBUTE Marketing Plans and Evaluations.

3. TELL the class

   PLEASE LOOK AT THE "EVALUATION OF MARKETING PLAN". THERE ARE TEN ITEMS ON THE EVALUATION; EACH ONE IS SCORED WITH A NUMBER FROM 1 TO 5. A SCORE OF 5 MEANS THAT ON THAT ITEM, YOUR "MARKETING PLAN" IS JUST ABOUT PERFECT; A SCORE OF 1 MEANS IT IS COMPLETELY INADEQUATE. MOST OF THE SCORES ARE PROBABLY SOMEWHERE IN BETWEEN. THE SCORES HAVE NOT BEEN ADDED UP NOW; HOWEVER, WHEN YOUR ENTIRE BUSINESS PLAN IS EVALUATED BY THE BANK AT THE END OF THE STARTING SEGMENT OF THE GAME, THEY WILL BE ADDED UP TO GET A TOTAL. THAT TOTAL WILL THEN REPRESENT LONG TERM PROFIT PROSPECTS. I HAVE ALSO MADE NOTES ON MOST OF THE ITEMS TO GIVE YOU AN IDEA OF WHAT NEEDS TO BE IMPROVED. YOU WILL HAVE TIME AT

THE END OF THE STARTING SEGMENT TO REVISE ANY PART OF YOUR "MARKETING PLAN" IF YOU WANT TO TRY TO IMPROVE YOUR FINAL SCORE ON IT.

4. ASK the students if they have any questions.

5. TELL the class

TODAY YOU WILL BE DRAWING UP AN "OPERATIONAL PLAN" FOR YOUR BUSINESS. I WILL NOW DISTRIBUTE YOUR ENVELOPES CONTAINING THE "OPERATIONAL PLAN" WORKSHEET, INFORMATION ON SUPPLIERS, AND THE INFORMATION YOU USED LAST TIME. YOU MAY USE ALL OF THE INFORMATION YOU HAVE RECEIVED SO FAR IN COMPLETING YOUR "OPERATIONAL PLAN". YOU WILL HAVE UNTIL THE END OF THIS PERIOD TO DO SO.

6. DISTRIBUTE envelopes.

Administering the Game

Five minutes before the end of the period, tell the students the following:

1. TELL the class

YOUR TIME FOR WORKING ON YOUR "OPERATIONAL PLAN" IS UP. YOU MUST NOW SUBMIT YOUR "OPERATIONAL PLAN" TO ME FOR EVALUATION EVEN IF YOU HAVE NOT FINISHED IT. I WILL EVALUATE IT AND RETURN IT TO YOU AT THE BEGINNING OF THE NEXT PERIOD. PLEASE PUT ALL OF YOUR MATERIALS EXCEPT YOUR "OPERATIONAL PLAN" INTO YOUR ENVELOPE, AND HAND IN YOUR ENVELOPE AND "OPERATIONAL PLAN".

You will evaluate the Operational Plans outside of class before Period 4 and return them to the students at the beginning of Period 4. Use the Guide to Evaluating Business Plans on pages 55-69 in your evaluation of the Operational Plans.

Managing the Game Session

Game management will be the same as for Periods 1 and 2.

Potential Problems and Suggested Solutions

Students finishing Operational Plans early. This problem should be handled the same way as for the Marketing Plans. Students who finish early can use the rest of the period to work on revising their Marketing Plan.

Students not finishing Operational Plans by end of period. This problem should be handled the same way as for the Marketing Plans.

Checklist: Preparations Required for Period 4

THE DAY BEFORE THE GAME SESSION:

_____ Complete evaluation of all Operational Plans.

_____ Re-read section of TEACHER'S MANUAL dealing with Period 4.

_____ Prepare manila envelopes as described on page 42.

THE DAY OF THE GAME SESSION:

_____ Arrange furniture in classroom.

_____ Arrange playing materials.

Period 4: The Fourth Game Session

Teaching-Learning Activities

Play of SBSG 2:

1. Arriving at a Price for the Business
2. Completion of Financial Plan

Time Required

1. Classroom administrative matters (roll-taking, etc.):	5 minutes
2. Determining Value of Business:	10 minutes
3. Work on Financial Plan:	30 minutes
4. Clean-up and collection of playing materials:	5 minutes
Total:	50 minutes

Materials Required

1. Teacher's Manual for SBSG 2
2. Wall Map of Brentwood
3. The manila envelope for each business, prepared as described under Classroom Set-up on the following page
4. Operational Plans
5. Evaluations of Operational Plans
6. Chance Cards
7. Enough scratch paper for all students

8. One pencil for each student

9. One colored pencil for the Administrator

Classroom Set-up

1. Furniture. Same as previous periods.

2. Playing materials. Between Periods 3 and 4, add to each business' manila envelope the following:

   a. Purchase Price Worksheet

   b. Financial Plan Worksheet

   c. the appropriate Community Participation Information Sheet

   The playing materials should be arranged as they were for the previous periods.

Distributing Playing Materials

Begin the period by saying the following:

1. TELL the class

   I WILL NOW RETURN YOUR "OPERATIONAL PLANS" TO YOU. THEY HAVE BEEN EVALUATED THE SAME WAY THE "MARKETING PLANS" WERE. PLEASE SEE ME DURING CLASS IF YOU HAVE ANY QUESTIONS.

2. DISTRIBUTE Operational Plans and Evaluations.

3. TELL the class

   TODAY YOU WILL BE DOING TWO THINGS. FIRST, YOU WILL DECIDE WHAT TO OFFER FOR THE BUSINESS YOU ARE BUYING AND ARRIVE AT A FINAL PURCHASE PRICE. THEN YOU WILL COMPLETE A "FINANCIAL PLAN" FOR YOUR BUSINESS. I WILL NOW DISTRIBUTE YOUR ENVELOPES, WHICH CONTAIN ALL OF THE

MATERIALS YOU HAVE USED SO FAR, PLUS WORKSHEETS FOR ARRIVING AT A PRICE FOR THE BUSINESS AND FOR COMPLETING A "FINANCIAL PLAN". A COMMUNITY PARTICIPATION INFORMATION SHEET IS ALSO INCLUDED. PLEASE DO NOT START TO WORK YET.

4. DISTRIBUTE envelopes.

5. TELL the class

PLEASE TAKE THE "PURCHASE PRICE WORKSHEET" OUT OF YOUR ENVELOPE. BY FILLING OUT THIS WORKSHEET, YOU WILL DECIDE ON AN OFFER FOR THE BUSINESS YOU ARE BUYING. YOU WILL THEN DRAW A CHANCE CARD THAT WILL INDICATE WHAT AMOUNT THE OWNER AGREES TO ACCEPT. GO AHEAD AND FILL OUT THE WORKSHEET. WHEN YOU HAVE FINISHED, LET ME KNOW.

Administering the Game

As each group completes the Purchase Price Worksheet, have a member of the group draw a chance card to determine the price to be paid for the business. The players should write this price down in the space provided on the worksheet. When they have finished this process, tell them that they may go ahead and work on the Financial Plan for their business and that they have until the end of the period to do so.

Five minutes before the end of the period, tell the students the following:

1. TELL the class

YOUR TIME FOR WORKING ON YOUR "FINANCIAL PLAN" IS UP. YOU MUST NOW SUBMIT YOUR "FINANCIAL PLAN" TO ME EVEN IF YOU HAVE NOT FINISHED IT. I WILL EVALUATE IT AND RETURN IT TO YOU AT THE BEGINNING OF THE NEXT PERIOD. PLEASE PUT ALL OF YOUR MATERIALS EXCEPT YOUR "FINANCIAL PLAN" INTO YOUR ENVELOPE AND HAND IN YOUR ENVELOPE AND "FINANCIAL PLAN".

You will evaluate the Financial Plans outside of class before Period 5 and return them to the students at the beginning of Period 5. Use the Guide to Evaluating Business Plans on pages 55-69 in your evaluation of the Financial Plans.

Managing the Game Session

Game management will be the same as for previous periods.

Potential Problems and Suggested Solutions

Students finishing Financial Plans early. This is not likely to happen, but, if it should, it should be handled the same way as for the Operational Plans.

Students not finishing Financial Plans by end of period. This is much more likely to happen. It should be handled the same way as for the earlier plans.

Checklist: *Preparations Required for Period 5*

THE DAY BEFORE THE GAME SESSION:

_____ Complete evaluation of all Financial Plans.

_____ Re-read section of TEACHER'S MANUAL dealing with Period 5.

THE DAY OF THE GAME SESSION:

_____ Arrange furniture in classroom.

_____ Arrange playing materials.

Period 5: The Fifth Game Session

Teaching-Learning Activities

1. Revision of business plan (i.e., Marketing Plan, Operational Plan, and Financial Plan), as needed
2. Completion of business plan, as needed

Time Required

1. Classroom administrative matters (roll-taking, etc.):	5 minutes
2. Completion and revision of business plans:	40 minutes
3. Clean-up and collection of playing materials:	5 minutes
Total:	50 minutes

Materials Required

1. Teacher's Manual for SBSG 2
2. Wall Map of Brentwood
3. The manila envelope for each business from the previous periods
4. Financial Plans
5. Evaluation of Financial Plans
6. Enough scratch paper for all students
7. One pencil for each student
8. One colored pencil for the Administrator, of a different color from the one used for the first evaluation of the business plans
9. Business Plan Scoresheet for each business

Classroom Set-up

1. Furniture. Same as previous periods.

2. Playing materials. Same as for previous periods.

Distributing Playing Materials

Begin the period by saying the following:

1. TELL the class

   I WILL NOW RETURN YOUR "FINANCIAL PLANS" TO YOU. THEY HAVE BEEN EVALUATED THE SAME WAY THE OTHER PLANS WERE. PLEASE SEE ME DURING CLASS IF YOUR HAVE ANY QUESTIONS.

2. DISTRIBUTE Financial Plans and Evaluations.

3. TELL the class

   YOU MAY USE THE CLASS PERIOD TODAY TO FINISH ANY OF THE SUBPLANS YOU DID NOT FINISH EARLIER AND TO MAKE ANY REVISIONS YOU WANT. AT THE END OF THE PERIOD YOU WILL RESUBMIT YOUR ENTIRE BUSINESS PLAN AS AS APPLICATION FOR A LOAN FROM THE BANK AND POSSIBLY FOR FINANCING FROM AN EQUIPMENT SUPPLIER.

4. DISTRIBUTE envelopes.

Administering the Game

If players ask for them, you should offer explanations or interpretations of your evaluations of their subplans. However, you should not tell the students what to put in their subplans.

Five minutes before the end of the period, tell the students the following:

1. TELL the class

   PLEASE STOP WORKING NOW AND TURN IN YOUR ENTIRE "BUSINESS PLAN".
   PUT ALL OF YOUR MATERIALS IN YOUR ENVELOPE WITH THE "MARKETING PLAN",
   "OPERATIONAL PLAN", FINANCIAL PLAN", AND EVALUATION SHEETS ON TOP.

You will re-evaluate the Business Plans outside of class before Period 6 and return them to the students at the beginning of Period 6. Use the Guide to Evaluating Business Plans on pages 55-69, in your evaluation of the Business Plans.

Managing the Game Session

Game management will be the same as for previous periods.

Scoring the Game

Most of your evaluation of the business plans will probably be done outside of class, before the post-game discussion. Use the guide to Evaluating Business Plans on pages 55-69, using the instructions for the second Evaluation on page 56.

Potential Problems and Suggested Solutions

Students finishing early. If this happens, let them do something else for the rest of the period.

Students not finishing by the end of the period. All business plans must be turned in at the end of the period, whether they are finished or not. If all the students in a business were absent one or more days and lost time for working on their plans, they should be allowed to make up the time outside of class.

Checklist: Preparations Required for Period 6

THE DAY BEFORE THE DISCUSSION:

_____ Complete final evaluation of all business plans.

_____ Complete Business Plan Scoresheets for all businesses.

_____ Re-read section of TEACHER'S MANUAL dealing with Period 6.

THE DAY OF THE GAME SESSION:

_____ Arrange furniture in classroom.

_____ Arrange playing materials.

Period 6: The Post-game Discussion

Teaching-Learning Activity

Discussion of SBSG 2, Starting segment

Time Required

1. Classroom administrative matters (roll-taking, etc.):	5 minutes
2. Discussion of SBSG 2, Starting segment:	40 minutes
3. Clean-up and collection of playing materials:	5 minutes
Total:	50 minutes

Materials Required

1. Teacher's Manual for SBSG 2
2. One complete set of playing materials for SBSG 2, Starting segment
3. The manila envelope for each business from the previous periods

Classroom Set-up

1. Furniture. Same as previous periods.
2. Playing Materials. Before class, place the Business Plan and Evaluation Sheets for each business inside the manila envelope for that business. Paper clip the Business Plan Scoresheet to the outside of the envelope.

   You will not need to use most of the playing materials in the discussion. However, you should keep the set of playing materials handy for use in answering questions.

Distributing Playing Materials

As soon as all of the students have arrived and roll has been taken, distribute the manila envelopes with the Business Plan Scoresheets paper clipped to them.

Explaining Scoresheets

As soon the envelopes have been passed out, tell the students the following:

1. TELL the class

   I HAVE PASSED OUT YOUR MANILA ENVELOPES, CONTAINING ALL OF THE MATERIALS YOU HAVE USED DURING THIS SEGMENT OF THE GAME. ON THE OUTSIDE OF THE ENVELOPE IS YOUR "BUSINESS PLAN SCORESHEET". ON THE "SCORESHEET" YOU WILL FIND THE FINAL SCORE YOU RECEIVED ON YOUR ENTIRE "BUSINESS PLAN" -- THAT IS, THE TOTAL OF THE SCORES YOU RECEIVED ON YOUR "MARKETING PLAN", "OPERATIONAL PLAN", AND "FINANCIAL PLAN". THIS SCORE REPRESENTS YOUR LONG TERM PROFIT PROSPECTS. ALSO LISTED ON THE "SCORESHEET " UNDER "FINANCING" ARE THE LOANS YOU HAVE BEEN GRANTED AND THE "QUARTERLY LOAN PAYMENTS" AND "YEARLY INTEREST PAYMENTS" YOU WILL HAVE TO MAKE ON THEM. WHEN WE PLAY THE RUNNING SEGMENT OF THE GAME, YOU WILL BEGIN WITH THE SCORE AND THE FINANCIAL RESOURCES YOU HAVE NOW.

2. ASK the students if they have any questions.

Discussing the Game

After you have answered the students' questions about the Scoresheets, continue the Post-game Discussion by asking the following questions. You may not have to use all of the questions, since some of them may be answered in the course of answering others. There may also be other questions you will want to ask your class. The post-game discussion is intended to be flexible; its purpose is to help the students understand better what went on during the game and what principles the game demonstrates. In addition, it should help both the students and the teacher evaluate players' performance in the game.

1. ASK the students
   a. WHAT DOES THE SCORE YOU RECEIVED ON YOUR BUSINESS PLAN REPRESENT? [potential for success]
   b. YOU WERE GIVEN A LOT OF DETAILED INFORMATION ON YOUR PARTICULAR BUSINESS AND THE INDUSTRY, THE MARKET, ETC. WHAT STRATEGIES WOULD YOU USE TO GET THIS KIND OF INFORMATION IF YOU WERE ACTUALLY BUYING A BUSINESS?
   c. WHAT PROCESS DID YOU USE TO MAKE DECISIONS ON YOUR BUSINESS PLANS? [Use the plans as a basis for expanding this question; e.g., How did you decide to spend x dollars on advertising?]
   d. WHAT FACTORS DETERMINED YOUR CHOICE OF PARTNERS? [money, experience]
   e. WHAT OTHER FACTORS WOULD YOU CONSIDER WHEN CHOOSING PARTNERS? [personality, common goals, common interest, compatibility, ability to communicate]
   f. WOULD YOU CHOOSE THE SAME PARTNER/S AGAIN? WHY OR WHY NOT?
   g. HOW DID THE VARIOUS KNOWN FACTORS AFFECT YOUR OFFERING PRICE (I.E., MARKET STUDIES, FINANCIAL STATEMENT)?
   h. WHAT PROCESS DID YOU USE TO ANALYZE THESE FACTORS IN ORDER TO ARRIVE AT A REASONABLE OFFER?
   i. WHAT DOES "EXCESS EARNING POWER" OF THE BUSINESS MEAN? [ability of the business to pay the buyers more than they could earn by working at their present jobs and investing their money in government bonds]
   j. WHAT DOES THE AMOUNT YOU PAID FOR GOODWILL REPRESENT? [the amount paid for the business in excess of the value of the tangible assets included in the sale, representing the value of the name, the reputation, the location, or other intangible possessions of the purchased business]
   k. WHAT DID THE CHANCE CARDS REPRESENT? [negotiation between buyers and sellers]

l. WHAT WERE YOUR REASONS FOR SELECTING YOUR SALES PROMOTION TECHNIQUES?

m. DID YOU AGREE/DISAGREE WITH THE FINAL EVALUATION OF YOUR BUSINESS PLAN?

n. WHY OR WHY NOT DID YOU DECIDE TO JOIN THE TRADE ASSOCIATION AND/OR CHAMBER OF COMMERCE?

o. WHAT FACTORS THAT WERE NOT INCLUDED IN THE GAME MIGHT ENTER INTO A BANKER'S DECISION TO LOAN YOU MONEY TO BUY A BUSINESS?

p. HOW IMPORTANT IS LUCK IN THE GAME? IN THE REAL SITUATION?

At the end of the discussion, you should let the students know on what dates the Running segment will be played.

NOTE: By now you should have scheduled the Running segment. (See Planning Ahead: Preparations Required for Module 3.3 on page 71.)

Remind the players that the Starting segment is the first part of the game and that, when they play they play the Running segment, they will run the businesses they have started.

Collecting the Playing Materials

At the end of the discussion, you should have the players put all of their playing materials and notes in the manila envelopes and hand them in. You may have occasion to look at the Business Plans, Evaluation Sheets, and Scoresheets in your evaluation of the students' performance in the game. Otherwise, the playing materials and notes should be left in the envelopes for the students to use during the Running segment of the game.

Guide to Evaluating Business Plans

As Administrator of the game, you will evaluate the Players' business plans twice. First, you will evaluate each subplan separately, as it is written; later, you will evaluate the entire plan as a unit. The first time you evaluate the plan, you will be representing a counselor giving advice to a prospective small businessperson. The second time, you will be representing a banker deciding a business' eligibility for financing.

The Instructions for Evaluating Business Plans given below explain the mechanical process to be followed in evaluating the plans. The Criteria for Evaluating Business Plans include (1) a statement of the main problem(s) with the business as presently organized, and (2) suggestions of appropriate responses to be included in the business plan. In their business plans, students may propose solutions to the problem(s) that differ from the suggested solutions. The suggested solutions should not be regarded as the only correct ones; other solutions should be evaluated on the basis of their appropriateness.

In order to adequately evaluate the players' business plans, you will need to be familiar with the Business Profile and Market Study for each business. Read these materials carefully before attempting to evaluate the business plans.

Instructions for Evaluating Business Plans

1. First Evaluation:

    a. Find the Evaluation Sheet for the subplan being evaluated.

    b. Read the section under Criteria for Evaluating Business Plans that deals with the business being rated.

    c. Read through the entire subplan once to get an overall view of it and see if it is finished.

d. Reread each part of the subplan and rate it on the Evaluation Sheet, using the criteria given. Use a colored pencil to circle appropriate number from 1 to 5 on the rating sheet. A 5 should be given only if no revision is required; a 4 if only minor revision is needed; a 3 if substantial revision is needed; a 2 if the part is generally unacceptable and needs extensive revision; and a 1 if it is totally unacceptable. When in doubt, give the lower of two ratings during the first evaluation.

e. In the space above and below the rating numbers, write any comments or questions you feel will help the students to improve their plan and understand your rating.

f. Rate only the portion of the subplan that is finished; do not circle any numbers for parts of the subplan that have not been filled out.

g. Do not add the ratings to get a total at this stage.

2. Second Evaluation:

a. Use the same evaluation sheet used for the first evaluation. Follow Steps a-d from the first evaluation, using a different colored pencil than the one you used the first time. If your rating of an item has not changed, draw a larger circle around the original circle. If your rating has changed as a result of the players' revisions, circle the new rating.

b. Once again, do not circle any rating numbers for parts of the plan that have not been filled out; players will receive no points for these parts.

c. Add the ratings to get a total for each subplan. When you have finished rating the Financial Plan, add the totals from all three subplans to get the Long Term Profit Prospects Score.

3. Completing the Business Plan Scoresheet:

   a. Fill in type of business name, and owners/managers.

   b. Find the Business Plan Total on the Financial Plan Evaluation Sheet; enter this figure on the line labeled "Score".

   c. Enter the size of the bank loan from Item H of the Financial Plan. (Businesses should be given the amount of financing they request, even if it is more or less than they actually need.) Figure Quarterly Loan Payments by dividing the amount of the loan by 12. Figure Yearly Interest Payments by finding 10% of the amount of the loan.

   d. Enter amount of equipment financing from Item G of the Financial Plan. (Not all businesses will need equipment financing.) Figure Quarterly Loan Payments by dividing the amount of the loan by 20. Figure Yearly Interest by finding 8% of the amount of the loan.

   e. Enter source and amount of loan from friend or relative from Item D of the Financial Plan. Figure Quarterly Loan Payments by dividing the amount of the loan by 20. Figure Yearly Interest Payments by finding 8% of the amount of the loan.

Criteria for Evaluating Business Plans

1. Fred's Bakery
   - a. Main Problem: Product line inappropriate to market
   - b. Appropriate responses:
     - (1) Marketing Plan
       - (a) Name should probably not be changed unless the players plan to stop making white sandwich bread.
       - (b) Size of Planned Market: whole city
       - (c) Market Needs
         - Products not available: specialty breads -- rye, French, Italian, rolls
         - Special needs/tastes of customers: rising demand for specialty breads
       - (d) Image: quality; producer of unusual breads (will depend on rest of plan, but must state a definite, clearly identified image)
       - (e) Product Line: high quality, high priced white sandwich bread -- 50% of sales; various high quality, medium to high priced specialty breads -- 50% (should specify types of bread); possibly day old bread "thrift shop"
       - (f) Free Services: daily delivery -- cost: $12,000 (cost of every other day delivery: $8,000)
       - (g) Sales Policies: store credit, quantity and early payment discounts
       - (h) Advertising:
         - Total amount should be about $8,000
         - Media in order of appropriateness: general adult radio, network TV, billboard, easy listening radio, UHF TV, city newspaper, flyer/direct mail, specialties, community newspaper, teenage radio, college newspaper
         - Promotion: (examples) free samples, special introductory prices -- should list something.
       - (i) Summary of advantages: will depend on rest of plan; should state strengths of plan

(2) Operational Plan

(a) Legal Organization in order of appropriateness: corporation, partnership, proprietorship

(b) Insurance: fire -- \$2500, liability -- \$200, crime --\$600, automobile -- \$1500

(c) Personnel: owners should be managers of office and bakery; will also need at least 20 bakers, 2 packagers, 2 secretaries, 4 drivers, 1 janitor, 1 maintenance person, 1 bookkeeper, and 1 inventory/supplies manager (all full-time)

(d) Supply: need flour, other baking ingredients; new equipment

Best suppliers: Sam's and possibly Ferdinand's

(e) Physical Changes: new equipment/machinery --\$1000 if changing to different types of bread, \$5000 if adding cakes, pies, pastries; new furniture/fixtures -- office furniture, \$2000; new sign only if name changes; no repainting/remodeling needed

(3) Financial Plan

(a) Profit and Loss Statement (Place particular emphasis on correctness of estimates for projected net sales, gross margin, wages, and advertising.)

- Projected Net Sales should not be more than \$950,000.
- Gross Margin should be 35%.
- Owners' Salaries should be \$12,000.
- Employees' Wages should be \$6000 per full-time employee.
- Delivery should be \$12,000 (daily) or \$8000 (every other day).
- Rent should be \$9600.
- Advertising and Promotion should be between 3% and 4% of projected sales.
- Insurance should reflect decisions on insurance.
- Interest should be 10% of financing needed.
- Depreciation should be 5% of value of fixed assets.
- Taxes, Telephone, Legal and Accounting Fees, Utilities, Bad Debts, and Supplies should stay the same.

(b) Financial Needs should reflect decisions.

(c)-(h) Check addition and subtraction.

2. Flora's Flowers

   a. Main Problems: failure to recognize competition; inappropriate product mix

   b. Appropriate responses:

      (1) Marketing Plan

         (a) Name should change.

         (b) Size of Market: Brentwood

         (c) Market Needs

            · Products not available: good quality flower arrangements, fruit baskets

            · Needs and tastes of customers: church -- arrangements; high income group -- arrangements, elaborate weddings and funerals; increased desire for plants

         (d) Image: high quality, service-oriented (will depend on rest of plan, but must state a definite, clearly identified image)

         (e) Product Line: Flower arrangements -- 75% of sales; cut flowers -- 10%; plants -- 10%; gift items -- 5%; all should be medium to high priced.

         (f) Free Services: delivery (cost: $1500); possibly advice on plant care, individually designed flower arrangements, or some other free service

         (g) Sales Policies: store credit and credit cards, continued wire service membership

         (h) Advertising:

            · Total amount should be about $450-$500.
            · Media in order of appropriateness: community newspaper, college newspaper, flyers/direct mail; easy listening radio station, teenage radio, city newspaper, specialties, billboard, general adult radio, TV
            · Promotion: (examples) special introductory prices, plant clinic -- should list something.

         (i) Summary of advantages: will depend on rest of plan; should state strengths of plan.

(2) Operational Plan

(a) Legal Organization in order of appropriateness -- corporation, partnership, proprietorship

(b) Insurance: fire -- $150, liability -- $150, automobile -- $200, crime -- $200

(c) Personnel: Owners will have to do all the work until sales improve; depending on projected increase in sales, they might be able to hire a part-time delivery person.

(d) Supply: need flowers, plants, gift items, florist supplies (depending on product line)

Best suppliers: McCoy's for florist supplies, Patman's for flowers and plants, Green Hill for roses

(e) Physical Changes: no new equipment/machinery, furniture/fixtures; new sign if name changes; no repainting/remodeling needed

(3) Financial Plan

(a) Profit and Loss Statement (Place particular emphasis on correctness of estimates for projected net sales, gross margin, wages, and advertising.)

- Projected Net Sales should not be more than $56,000.
- Gross Margin should be 53%.
- Owners' Salaries should be $12,000.
- There should be no Employees' Wages (or at most $3000 for one part-time driver).
- Delivery should be $1500.
- Rent should be $3600.
- Advertising and Promotion should be 3%-4% of projected sales.
- Insurance should reflect decisions on insurance.
- Bad Debts should stay the same if store credit is to be offered. If credit cards are to be accepted, 0.5% of projected sales should be included as cost of credit card service.
- Interest should be 10% of financing needed.
- Depreciation should be 5% of value of fixed assets.
- Taxes, Telephone, Legal and Accounting Fees, Utilities, and Supplies should stay the same.

(b) Financial Needs should reflect decisions.

(c)-(h) Check addition and subtraction.

3. Fraser's Wholesale Stationery

   a. Main Problems: inadequate definition of market, no advertising, inadequate credit policy

   b. Appropriate responses:

      (1) Marketing Plan

         (a) Name should probably not change.

         (b) Size of Market: Brentwood and surrounding neighborhoods

         (c) Market Needs

         - Services and Products not available: a wholesale stationer on the west side of town, selling to both small retail stationers and general businesses (especially general businesses)

         - Special needs of customers: fast and personal service, small quantities

         (d) Image: friendly, local, selling to both retail stationers and general business, interested in small businesses

         (e) Product/Service Line: sales to retail stationers -- 50% of sales; sales to general businesses -- 50%; price range medium

         (f) Free Service: delivery (cost: $1500)

         (g) Sales Policies: store credit, quantity and early payment discounts.

         (h) Advertising:

         - Total amount should be about $500.
         - Media in order of appropriateness: flyer/direct mail, specialties, city newspaper, community newspaper, college newspaper, radio and TV, billboard
         - Promotion: (examples) personal visits to businesses, free samples of some common office supply -- should list something.

         (i) Summary of advantages: will depend on rest of plan; should state strengths of plan.

(2) Operational Plan

(a) Legal Organization in order of appropriateness: corporation, partnership, proprietorship.

(b) Insurance: fire -- $400, liability -- $200, crime -- $200, automobile -- $200

(c) Personnel: Owners should be managers and salespeople; will also need secretary, three warehouse workers, and one driver (all full-time).

(d) Supply: need paper and other office supplies

Best suppliers: manufacturers; for emergencies or small quantities, Statewide; possibly Esquire Paper Company

(e) Physical Changes: no new equipment/machinery, furniture/fixtures; new sign if name changes; no repainting/remodeling

(3) Financial Plan

(a) Profit and Loss Statement (Place particular emphasis on correctness of estimates for projected net sales, gross margin, wages, and advertising.)

- Projected Net Sales should not be more than $230,000.
- Gross Margin should be 32%.
- Owners' Salaries should be $12,000. Employees' Wages should be $6000 per full-time employee.
- Rent should be $6000.
- Advertising and Promotion should be 1% of projected sales.
- Insurance should reflect decision on insurance.
- Interest should be 10% of financing needed.
- Depreciation should be 5% of value of fixed assets.
- Delivery, Taxes, Telephone, Legal and Accounting Fees,
- Utilities, Bad Debts and Supplies should stay the same.

(b) Financial Needs should reflect decisions.

(c)-(h) Check addition and subtraction.

4. Brentwood Neighbor

   a. Main problems: staff too large, too much concentration on commercial printing, percentage of advertising in paper too low, approach to news too impersonal

   b. Appropriate responses:

      (1) Marketing Plan

         (a) Name should not be changed.

         (b) Size of Market: Brentwood

         (c) Market Needs:

            . Services not available: personal and organizational news, sufficient advertising space.

            . Special needs/tastes of customers: Businesspeople need local place to advertise; residents want personal and organizational news of the community.

         (d) Image: community-oriented; a good place to advertise

         (e) Product/Service Line: display advertising -- 50% of income; classified advertising -- 10%; circulation of paper (with more personal slant, organizational and personal news) -- 10%; commercial printing --30%. Paper should be 60% advertising and 40% news.

         (f) Free services: delivery (preferably by carrier; cost: $1900, carriers; $1840, mail); some other services should be mentioned (e.g., ads taken over telephone).

         (g) Sales Policies: no credit on subscriptions; store credit on printing jobs and advertising; papers delivered by carriers and sold on newsstands.

         (h) Advertising:

            . Total amount should be about $1800.
            . Media in order of appropriateness: community newspaper, flyer/direct mail, easy listening radio, specialties, billboards, college newspaper, city newspaper, teenage and general adult radio, TV.
            . Promotion: (examples) community clean-up campaign, contest, free subscriptions to servicemen and women from the community -- should list something.

         (i) Summary of advantages: will depend on rest of plan; should state strengths of plan.

(2) Operational Plan

(a) Legal Organization in order of appropriateness: corporation, partnership, proprietorship

(b) Insurance: fire -- $400, liability -- $200, crime -- $100, automobile -- $150, group health -- 5% of payroll

(c) Personnel: Owners should be editor and business manager; should cut staff down to 16 -- 2 owners, 3 secretaries. 4 printing plant staff, 1 ad salesperson, 1 layout artist, 1 maintenance person/janitor, 3 writers, 1 writer-photographer (all full-time)

(d) Supply: need paper and printing supplies

Best suppliers: Central Newspaper Suppliers and Esquire Paper Company

(e) Physical changes: none

(3) Financial Plan

(a) Profit and Loss Statement (Place particular emphasis on correctness of estimates for projected net sales, gross margin, wages, and advertising.)

- Projected Net Sales should not be more than $260,000.
- Gross Margin should be 70%.
- Owners' Salaries should be $12,000.
- Employees' Wages should be $6000 per full-time employee.
- Delivery should be $1900 if carriers are used, $1840 if mailed.
- Rent should be $6000.
- Advertising and Promotion should 3%-4% of projected sales.
- Insurance should reflect decisions on insurance.
- Interest should be 10% of financing needed.
- Depreciation should be 5% of value of fixed assets.
- Taxes, Telephone, Legal and Accounting Fees, Utilities, Bad Debts, and Supplies should stay the same.

(b) Financial Needs should reflect decisions.

(c)-(h) Check addition and subtraction.

5. Peterson's Restaurant

   a. Main Problems: failure to recognize competition; inappropriate product line

   b. Appropriate responses:

      (1) Marketing Plan

         (a) Name should change.

         (b) Size of Market: depending on type of restaurant, from Brentwood only to whole city

         (c) Market Needs

            - Products not available: foreign or unusual foods; non-family oriented restaurant

            - Needs and tastes of customers: increased interest in foreign food; students -- unusual but inexpensive restaurant; high income group -- unusual and expensive restaurant; single people and young couples -- something besides "family restaurants"; movie-goers -- place to eat after or before movie

         (d) Image: will depend on plan -- should emphasize difference from other restaurants in area; restaurant should be unique in some way.

         (e) Product Line: will depend on plan, does not need to include every item on menu, but should include distinctive types of food or meals to be emphasized, if these are part of the plan; lunch and dinner should account for majority of business; may want to attract movie-goers for late dessert or snack.

         (f) Free Services: depends on type of restaurant; for example, carry-out service for Chinese restaurant; should list something.

         (g) Sales Policies: credit cards only

         (h) Advertising:

            - Total amount should be about $750-800.
            - Media in order of appropriateness: community newspaper, college newspaper, city newspaper, flyer/direct mail, specialties, easy listening radio, general adult and teenage radio, TV, and billboard
            - Promotion: (examples) special introductory prices, special occasion meals; something should be listed.

         (i) Summary of advantages: will depend on rest of plan; should state strengths of plan.

(2) Operational Plan

(a) Legal Organization in order of appropriateness: corporation, partnership, proprietorship

(b) Insurance: fire -- $300, liability -- $200, crime -- $100

(c) Personnel: Owners should be manager and chef; in addition, they will need one part-time cook's helper, two full-time waiters or waitresses (or equivalent in part-time waiters or waitresses) and one full-time dishwasher.

(d) Supply: need meat, produce, groceries, baked goods, linen, paper products

Best suppliers: Lone Pine, with those of the specialty suppliers needed to fill gaps in Long Pine's service; which ones will depend on type of restaurant, but Abbott's Meats, Mark's Produce, and Dombrowski's Bakery are the most likely.

(e) Physical Changes: new furniture/fixtures -- remodeling costs of $5500, if restaurant is to change substantially; new sign if name changes; repainting/remodeling should be done.

(3) Financial Plan

(a) Profit and Loss Statement (Place particular emphasis on correctness of estimates for projected net sales, gross margin, wages and advertising.)

- Projected Net Sales should not be more than $96,000.
- Gross Margin should be 60%.
- Owners' Salaries should be $12,000.
- Employees' Wages should be $6000 per full-time employee.
- Rent should be $4800.
- Advertising and Promotion should be 3%-4% of projected sales.
- Insurance should reflect decisions on insurance.
- There should be no Bad Debts unless store credit is offered. If credit cards are accepted, 1% of projected sales should be included as cost of credit card service.
- Interest should be 10% of financing needed.
- Depreciation should be 5% of value of fixed assets.
- Taxes, Telephone, Legal and Accounting Fees, Utilities, and Supplies should stay the same.

(b) Financial Needs should reflect decisions.

Cost of equipment, machinery, furniture, and fixtures should be $5500, if restaurant is to be remodeled.

(c)-(h) Check addition and subtraction.

6. Sparkle Cleaners

   a. Main Problem: inappropriate service line

   b. Appropriate responses:

      (1) Marketing Plan

         (a) Name should change.

         (b) Size of Market: smaller section of Brentwood

         (c) Market Needs

            - Services not available: laundry service, alterations, delivery, fast service

            - Needs and tastes of customers: high income group in high-rises and northwest section of Homeleigh -- delivery, quality work, laundry and alterations service, willing to pay for speedy service

         (d) Image: high quality work, fast, personal service

         (e) Service Line: high quality, medium priced cleaning, with three day return time -- 50%; laundry -- 25%; high quality, high priced cleaning, one day service -- 10%; alterations and repairs -- 15%

         (f) Free Services: delivery (cost: $1000), minor repairs to clothes cleaned

         (g) Sales Policies: store credit only (for delivery customers)

         (h) Advertising:

            - Total amount should be about $550.
            - Media in order of appropriateness: flyer/direct mail, community newspaper, college newspaper, specialties, city newspaper, radio, TV, billboard
            - Promotion: (examples) two for price of one sales, special prices on certain items; something should be listed.

         (i) Summary of advantages: will depend on rest of plan, should state strengths of plan.

(2) Operational Plan

(a) Legal Organization in order of appropriateness -- corporation, partnership, proprietorship

(b) Insurance: fire -- $600; liability -- $150; crime -- $150; automobile -- $200

(c) Personnel: Owners should be managers and will have to work at the counter and probably in the cleaning plant. If both work in the cleaning plant, they may not need any cleaning equipment operators. If only one works in the cleaning plant, they will need a part-time cleaning plant worker. If they offer laundry service, they will need a part-time employee to operate the laundry equipment. If they offer alterations, they will need a part-time alteration person. If they offer delivery, they will need a part-time driver. They should not have more than the equivalent of 1-1/2 full-time employees, not counting the owners.

(d) Supply: need dry cleaning chemicals, laundry supplies (if laundry service is offered), hangers, bags, etc.

Best supplier: City Cleaners Supply

(e) Physical Changes: new equipment/machinery -- $1000 if alterations and tailoring to be offered, $5000 for self-service, $7500 for laundry; new furniture/fixtures -- $500 for new customer area chairs; new sign, even if name doesn't change; repainting should be done.

(3) Financial Plan

(a) Profit and Loss Statement (Place particular emphasis on correctness of estimates for projected net sales, gross margin, wages, and advertising.)

- Projected Net Sales should not be more than $64,000.
- Gross Margin should be 61%.
- Owners' Salaries should be $12,000.
- Employees' Wages should be $6000 per full-time employee.
- Delivery should be $1000.
- Rent should be $4200.
- Advertising and Promotion should be 3%-4% of projected sales.
- Insurance should reflect decisions on insurance.
- Interest should be 10% of financing needed.
- Depreciation should be 5% of value of fixed assets.
- Taxes, Telephone, Legal and Accounting Fees, Utilities, Bad Debts, and Supplies should stay the same.
- There should be no Bad Debts unless store credit is offered. If credit cards are accepted, 1% of projected sales should be included as cost of credit card service.

(b) Financial Needs should reflect decisions.

(c)-(h) Check addition and subtraction.

Evaluating the Players' Performance in the Game

Players' performance in the Starting segment of the game should not be evaluated solely on the basis of their scores. The amount of improvement in the players' business plans between the first and second evaluations is an important indicator of the quality of their performance. Players who do not finish their plan and therefore get a lower score may have done a very thorough job on the portion of the plan they did finish.

The post-game discussion will be a helpful tool in determining whether the players have achieved the educational objectives of the game. Even a player who has made many mistakes may understand and be able to express the concepts the game is intended to demonstrate.

Planning Ahead: Preparations Required for Module 3.3

Allocating Time

Module 3.3, consisting of the Running segment of SBSG 2, will last nine class periods. It is scheduled during Unit 3, Dollars and Decisions. However, your preparations for the game should begin long before this point in the course.

At the beginning of the course: Before beginning the course, you should have read the DESCRIPTION OF THE GAME section on pages 1 - 16 to familiarize yourself in a general way with the game and its Teaching-Learning Objectives.

Two weeks before Module 3.3: Begin preparing yourself to administer the game. If there are more than 18 students in your class, you will need one additional administrator; if there are more than 36, you will need two.

One week before Module 3.3: Begin preparing the playing materials and the players for the game. Put yourself and any additional administrator(s) through a "dry run" of the game.

Preparing Yourself

Your preparations to administer the game should begin two weeks before Module 3.3. At this time, you should read carefully all sections of the TEACHER'S MANUAL dealing with the Running segment of SBSG 2 and examine all playing materials to become familiar with them and make sure that you have a complete set. If you need additional administrators, this is the time to begin training them. These additional administrators will each be in charge of a game group and will each need a copy of the TEACHER'S MANUAL.

About a week before the first day of game play, put yourself and any additional administrators through a "dry run" of the game. Read aloud the script provided for introducing the game to the players and practice all of the administrative procedures described to make certain you understand them. Try filling out a Balance Sheet, Expense Worksheet, Profit and Loss Statement, and Year-end Worksheet; doing this will make it easier for you to explain them to the players. Practice filling out the Quarterly Demand Potential Scoresheet and the Sales and Expense Report, and make sure you understand how demand potential scores are figured and how to use the sales charts.

Determining the Number of Players and Assigning Roles

You will not have to assign roles to students for the Running segment of the game; they will continue in the roles they had during the Starting segment, running the businesses they purchased. The exception to this rule will be students who were absent for the entire Starting segment; they should be assigned to already existent two-player businesses for the Running segment. If there are no two-player businesses, they should be assigned to three-player businesses. In this case, they will not draw a salary, but they will help in making the decisions involved in running the business.

You should make your preparations for the game session on the basis of the number of students enrolled in the class (i.e., the maximum number that could be present for the game session). The class should be divided into the same game groups used during the Starting segment.

Preparing the Playing Materials

You will have the same number of businesses in the Runnning segment as during the Starting segment of the game. Facsimiles of the playing materials are included in the Appendix. Use the list of playing materials on pages 11-14 to determine how many copies of each item you will need.

Make sure you have a complete set of game materials for each game group. Cut apart the Summaries of Events that have been printed with two quarters on one sheet.

The players will use the same manila envelopes they used during the Starting segment of the game. All of the playing materials and notes used during the Starting segment should be left in the envelopes.

Before the first game session, use the Starting Demand Potential Scoresheets to calculate Long-Term Demand Potential for each business:

1. Fill in the Business Name, Owners/Managers, and Marketing Plan Rating.

2. Consult the Operational Plan to determine which suppliers were selected. Place a check mark on the line next to each supplier selected. Where two or more suppliers are bracketed and only one line is provided, place a check mark on the line if any of the bracketed suppliers were selected.

3. Add together the points indicated for all of the suppliers selected, to get the Supplier Subtotal. (Note: The Supplier Subtotal may be zero. These points represent the quality of products sold by the supplier; zero indicates average quality; negative numbers, below average quality; and positive numbers, above average quality. The points have no relationship to the appropriateness of the supplier.)

4. Add the Supplier Subtotal to the Marketing Plan Rating and multiply by 10 to get Long-Term Demand Potential.

When you have calculated Long-Term Demand Potential, prepare a Quarterly Demand Potential Scoresheet for each business, by filling in the Business Name, Owners/Managers, Year #, and Long-Term Demand Potential.

Preparing the Players

The materials presented in the course provide the subject matter preparation the students need in order to play the game, In addition, you should let them know ahead of time when the Running segment of the game is to be played, and remind them that they will be running the businesses they purchased during the Starting segment.

Module 3.3: SBSG 2 -- Running a Business

Time Required

Nine 50-minute class periods

Suggested Sequence and Scope of Class Sessions

Period 1:	Introduce the Running segment to players. Complete a Balance Sheet as of Transfer of Ownership, Expense Worksheet, Quarterly Business Plan, Quarter 1, Year 1.
Period 2:	Complete Profit and Loss Statement for Quarter 1, Year 1. Conduct first meeting of Brentwood Merchants' Association.
Period 3:	Play of Quarters 2 and 3, Year 1.
Period 4:	Hold Meeting #2 of Brentwood Merchants' Association. Play of Quarter 4, Year 1.
Period 5:	Introduce Year-end Balance Sheet and score. Play of Quarter 1, Year 2.
Period 6:	Hold Meeting #3 of Brentwood Merchants' Association. Play Of Quarter 2, Year 2.
Period 7:	Play of Quarter 3, Year 2 and Meeting #4 of Brentwood Merchants' Association.
Period 8:	Play of Quarter 4, Year 2. Complete Year-end Balance Sheet and score.
Period 9:	Post-game discussion.

Checklist: Preparations Required for Period 1

TWO WEEKS AHEAD OF TIME:

_____ Re-read carefully the section of the TEACHER'S MANUAL on the Running segment of SBSG 2.

_____ Examine playing materials for Running segment.

_____ Begin training additional administrators, if needed.

ONE WEEK AHEAD OF TIME:

_____ Have a "dry run" of the Running segment.

_____ Assemble number of copies of playing materials needed for your group.

_____ Complete Starting Demand Potential Scoresheets.

_____ Prepare Quarterly Demand Potential Scoresheets.

_____ Inform players of game date.

THE DAY OF THE GAME SESSION:

_____ Arrange furniture in classroom.

_____ Prepare chalkboard as described on page 77

_____ Arrange playing materials.

Period 1: The Seventh Game Sessions

Teaching-Learning Activities

1. Completing Balance Sheet as of Transfer of Ownership
2. Completing Expense Worksheet
3. Completing Quarterly Business Plan, Quarter 1, Year 1.

Time Required

1. Classroom administrative matters (roll-taking, etc.):	5 minutes
2. Completing Balance Sheet as of Transfer of Ownership:	15 minutes
3. Completing Expense Worksheet:	10 minutes
4. Quarterly Business Plan, Quarter 1, Year 1:	15 minutes
5. Clean-up and collection of playing materials:	5 minutes
TOTAL:	50 minutes

Materials Required

1. Manila envelope for each business, used in Starting segment
2. One Balance Sheet for each business
3. One Balance Sheet Aid for each business
4. The Expense Information Sheet for each business
5. One Expense Worksheet for each business
6. One Quarterly Business Plan for each business

7. The Quarterly Demand Potential Scoresheet for each business, prepared as described on page 68

8. One set of Sales Charts for each administrator

9. One Administrator's Key (Amounts to be Added per Quarter for Changes) for each Administrator

10. One copy of TEACHER'S MANUAL for SBSG 2 for each Administrator

11. Enough scratch paper for all students

12. One pencil for each student

13. Paper clips

14. Adding machine or calculator

Classroom Set-up

1. Furniture. The classroom furniture should be arranged the same way as for the Starting segment of the game. Each Administrator will need a desk or table large enough to hold all of the playing materials needed during the period.

2. Chalkboard. Before class, copy onto the chalkboard the following Order of Play:

Order of Play for Each Quarter

1. Players complete a Quarterly Business Plan and give it to the Administrator.
2. Administrator returns Quarterly Business Plan to players, with Sales and Expense Report and Summary of Events for the Quarter.
3. Players complete a Profit and Loss Statement.

3. Playing Materials. You will probably find it helpful to arrange the playing materials to be used by the players in the order in which they will be given out. A vertical file may be helpful in keeping the playing materials organized. For Period 1, this order will be: manila envelopes and Balance Sheets; Expense Information Sheet and Expense Worksheet; Quarterly Business Plan. The TEACHER'S MANUAL should be on the Administrator's desk. The pencils, scratch paper, and paper clips should be either set out on the players' desks or tables or distributed at the beginning of the period. The Sales and Expense Reports, Summaries of Events for Quarter 1, Year 1, Quarterly Demand Potential Scoresheets, Sales Charts, and Administrator's Key will not be needed during class; they will be used by the Administrator after class. An adding machine or calculator will speed and simplify your administration of the game.

Introducing the Game to Players

The game will be introduced to the players by completing a balance sheet as of transfer of ownership of the business and by playing Quarter 1, Year 1, of the new owners' operation of the business. Use the following script in introducing the game:

1. TELL the class

   TODAY WE WILL BEGIN PLAYING THE RUNNING SEGMENT OF SBSG 2. IN THIS PART OF THE GAME YOU WILL RUN THE BUSINESSES YOU BOUGHT DURING THE STARTING SEGMENT OF THE GAME.

   I WILL NOW GIVE YOU A BALANCE SHEET AND THE ENVELOPE YOU USED DURING THE STARTING SEGMENT OF THE GAME. PLEASE CHECK TO MAKE SURE THAT YOUR ENVELOPE CONTAINS ALL OF THE MATERIALS YOU USED DURING THE STARTING SEGMENT.

2. DISTRIBUTE manila envelopes, Balance Sheets and Balance Sheet Aids.

3. COMPLETE a balance sheet. TELL the class:

THE FIRST THING WE WILL DO TODAY IS COMPLETE A BALANCE SHEET AS OF THE TRANSFER OF OWNERSHIP OF THE BUSINESS. PLEASE TAKE FROM YOUR ENVELOPE THE "BUSINESS PROFILE", THE "PURCHASE PRICE WORKSHEET", YOUR "FINANCIAL PLAN", AND YOUR "BUSINESS PLAN SCORESHEET".

[Pause while players do this.]

ON THE "BALANCE SHEET" FILL IN YOUR "BUSINESS NAME". ON THE LINE MARKED "AS OF", WRITE "TRANSFER OF OWNERSHIP". THIS MEANS THAT THE BALANCE SHEET WILL ACCOUNT FOR THE ASSETS AND LIABILITIES OF THE BUSINESS IMMEDIATELY AFTER YOUR PURCHASE, BUT BEFORE YOU HAVE BEGUN OPERATION OF IT.

ON THE LINE LABELED "LESS DEPRECIATION TO DATE" ENTER A ZERO, SINCE THERE HAS BEEN NO TIME FOR YOUR "FIXED ASSETS" TO DEPRECIATE.

ALSO ENTER ZEROS IN "UNPAID SALARIES TO DATE" AND "NET PROFIT (OR LOSS) FOR THE YEAR".

USE THE "BALANCE SHEET AID" TO COMPLETE THE REST OF THE "BALANCE SHEET". IF YOU HAVE ANY QUESTIONS, I WILL ANSWER THEM.

When students have completed their Balance Sheets continue by saying:

"TOTAL LIABILITIES AND OWNER'S EQUITY SHOULD EQUAL "TOTAL ASSETS". IF THE TWO ARE NOT EQUAL, PLEASE CHECK YOUR ADDITION. IF YOU CANNOT FIND ANY MISTAKES IN ADDITION, LET ME KNOW, AND I WILL TRY TO HELP YOU FIND OUT WHAT IS WRONG.

If any of the players' balance sheets do not balance and you have time, work with them individually to find the problem. If several do not balance, have players whose balance sheets do balance work with some of those having problems. Do not exceed the time allotted for completing the balance sheet. If some balance sheets still do not balance at the end of the time allotted, the students involved should be told to work on the balance sheet after class and get the figures to balance before the next game session.

BEFORE BEGINNING "YEAR 1" OF THE OPERATION OF YOUR BUSINESS, YOU WILL FIGURE WHAT YOUR REGULAR EXPENSES WILL BE. I WILL NOW GIVE EACH BUSINESS AN "EXPENSE WORKSHEET" AND AN "EXPENSE INFORMATION SHEET". PLEASE DO NOT START TO WORK YET.

4. DISTRIBUTE the expense worksheets and the expense information sheets.

5. COMPLETE the Expense Worksheet. TELL the class

THE ITEMS LISTED ON THE "EXPENSE WORKSHEET" ARE THE EXPENSES THAT DO NOT VARY FROM QUARTER TO QUARTER IN THE GAME. OF COURSE, IN REAL LIFE, MOST OF THEM WOULD VARY. IN THE GAME, WE USE THIS WORKSHEET TO ARRIVE AT A FIGURE FOR "QUARTERLY REGULAR EXPENSES". YOU WILL USE THIS FIGURE IN FILLING OUT YOUR "PROFIT AND LOSS STATEMENTS": YOU ADD THESE EXPENSES UP ONCE AT THE BEGINNING OF THE GAME, INSTEAD OF HAVING TO DO IT EACH QUARTER.

FILL IN "BUSINESS NAME AND OWNER/MANAGERS". FOR "YEAR #", PUT "YEAR #1".
[Pause.]

YOUR "EXPENSE INFORMATION SHEET" LISTS THE AMOUNT TO FILL IN FOR EACH ITEM ON THE "EXPENSE WORKSHEET". IN SOME CASES, IT TELLS YOU WHERE TO FIND THE AMOUNT, RATHER THAN LISTING IT. USE YOUR "EXPENSE INFORMATION SHEET" TO FILL IN THE AMOUNTS. ADD UP THE EXPENSES TO GET "YEARLY REGULAR EXPENSES" AND THEN DIVIDE BY FOUR TO GET "QUARTERLY REGULAR EXPENSES".

[Allow time for players to do this.]

TO FIGURE "YEARLY DEPRECIATION", FIND 5% OF THE TOTAL VALUE OF YOUR FIXED ASSETS. YOU WILL FIND TOTAL VALUE OF FIXED ASSETS ON THE "BALANCE SHEET" YOU JUST COMPLETED. THEN DIVIDE THE "YEARLY DEPRECIATION" BY FOUR TO GET "QUARTERLY DEPRECIATION".

[Allow time for players to figure depreciation.]

TAKE A PAPERCLIP AND CLIP TOGETHER THE "BALANCE SHEET", "EXPENSE WORKSHEET", AND "EXPENSE INFORMATION SHEET". THIS WILL MAKE IT EASIER TO FIND THEM WHEN YOU WANT TO REFER TO THEM LATER.

[Pause while players take paperclips.]

6. BEGIN Year 1. TELL the class

NOW WE ARE READY TO BEGIN "YEAR 1" OF THE OPERATION OF YOUR BUSINESSES. YOU WILL BE RUNNING YOUR BUSINESSES FOR TWO YEARS IN THIS GAME. EACH YEAR WILL BE DIVIDED INTO FOUR QUARTERS. DURING EACH QUARTER, YOU WILL BE PLANNING THE OPERATION OF YOUR BUSINESS, RECEIVING INFORMATION ON SALES AND EVENTS AFFECTING YOUR BUSINESS, AND CALCULATING YOUR PROFIT OR LOSS. AT THE END OF EACH YEAR YOU WILL COMPLETE A BALANCE SHEET, CALCULATE YOUR RETURN ON INVESTMENT FOR THE YEAR, AND FIGURE ITS EFFECT ON YOUR LONG TERM PROFIT PROSPECTS.

WE WILL NOW BEGIN "QUARTER 1 OF YEAR 1". ON THE CHALKBOARD IS AN "ORDER OF PLAY FOR EACH QUARTER". [Point to Order of Play.] AS YOU CAN SEE, DURING EACH QUARTER, THE FOLLOWING THINGS WILL HAPPEN: (1) PLAYERS COMPLETE A "QUARTERLY BUSINESS PLAN" AND GIVE IT TO THE ADMINISTRATOR. (2) ADMINISTRATOR RETURNS "QUARTERLY BUSINESS PLAN" TO PLAYERS. WITH "SALES AND EXPENSE REPORT" AND "SUMMARY OF EVENTS FOR THE QUARTER". (3) PLAYERS COMPLETE A "PROFIT AND LOSS STATEMENT". I WILL NOW GIVE EACH BUSINESS A "QUARTERLY BUSINESS PLAN". GO AHEAD AND FILL IN "BUSINESS NAME", "OWNERS/MANAGERS", YEAR #1, QUARTER #1.

7. DISTRIBUTE Quarterly Business Plans.

8. TELL the class

I'LL GO OVER THE WHOLE BUSINESS PLAN WITH YOU FIRST, AND THEN YOU CAN START WORKING ON IT. PLEASE DON'T WORK ON THE BUSINESS PLAN WHILE WE'RE GOING THROUGH IT THIS FIRST TIME. THE FIRST ITEMS DEAL WITH NUMBER OF EMPLOYEES YOU PLANNED TO HAVE IN YOUR BUSINESS; YOU CAN CHANGE THAT NUMBER WHEN YOU FILL OUT THIS PLAN, IF YOU WANT. UNDER "SECTION A, ADVERTISING AND PROMOTION", YOU WILL LIST PROMOTIONAL ACTIVITIES AND THE TYPE AND AMOUNT OF ADVERTISING YOU PLAN DURING "QUARTER 1". REMEMBER THAT THIS ADVERTISING AND PROMOTION IS FOR ONE QUARTER. IN "SECTIONS B THROUGH E", YOU WILL BE LISTING CHANGES FROM YOUR ORIGINAL PLAN FOR OPERATING YOUR BUSINESS. IF YOU PLAN ANY CHANGES, YOU WILL CHECK "YES" AND EXPLAIN THE NATURE OF THE CHANGE.

IF YOU DO NOT PLAN ANY CHANGES, JUST CHECK "NO". IF YOU MAKE ANY CHANGES IN SUPPLIERS, BE SURE TO TELL WHAT SUPPLIER YOU ARE CHANGING FROM AND WHAT SUPPLIER YOU ARE CHANGING TO. YOU WILL NEED TO REFER TO YOUR ORIGINAL "BUSINESS PLAN" IN COMPLETING THIS "QUARTERLY BUSINESS PLAN". REMEMBER THAT THESE ARE CHANGES FROM YOUR ORIGINAL PLAN, NOT CHANGES FROM THE WAY THE OLD OWNER RAN THE BUSINESS.

Administering the Game

While the players are working on their Quarterly Business Plans, you should be available to answer questions. As soon as players finish their plan, they should turn it in to you. If you are not needed to answer questions, you can begin reading over the plans that have been turned in before the end of the period. The actual scoring should be done outside of class before the next period, however.

Filling out the Quarterly Demand Potential Scoresheets and Sales and Expense Reports outside of class for Quarter 1 will give you a chance to become used to the procedures and to practice them in an unhurried way. This is important, since scoring for the rest of the quarters will have to be done during class periods. The following procedure should be followed in scoring the Quarterly Business Plan:

1. Check for any changes in Services and Sales Policies, Product/Service Line, or Suppliers. Add the effect of these changes on Side 2 of the Quarterly Demand Potential Scoresheet, and enter total changes on Side 1.

2. Add Total change to Long Term Demand Potential to get the Subtotal for the quarter.

3. Enter the Subtotal on Line A, Long-Term Demand Potential, for the next quarter.

4. Fill out the Advertising and Promotion section of the Quarterly Demand Potential Scoresheet and add the Effects on DP to the Subtotal to get the Quarterly Demand Potential.

5. Use the Sales Chart for the business to determine Sales, Cost of Sales, and Gross Margin for the quarter.

   a. Find the Quarterly Demand Potential on the Sales Chart. If it falls between two of the numbers listed on the chart, use the lower of the two.

b. Check to see if the business has the number of employees required for that level of sales. If the business has fewer employees than required, sales will be at the highest level for the number of employees it has.

c. Check to see if anything is to be added for Seasonal or One-Time Sales this quarter.

6. Complete a Quarterly Sales and Expense Report for the business.

   a. Fill in Business Name, Owners/Managers, Year #, and Quarter #.

   b. Fill in Regular Sales, Cost of Sales, and Gross Margin.

   c. Fill in Seasonal or One-Time Sales, Cost of Sales, and Gross Margin, if any.

   d. If any changes have been made in Delivery or Insurance on the Quarterly Business Plan, use the Administrator's Key to determine amounts to be added to or subtracted from Quarterly Regular Expenses. The amount listed on the key should be added if delivery or insurance has been added; it should be subtracted if delivery or insurance has been dropped. If one type of delivery has been substituted for another, the amount listed for the type being dropped should be subtracted from the amount listed for the type being added. The resulting figure should then be added to the Quarterly Regular Expenses if it is a positive number and subtracted if it is negative.

   Example: If the newspaper changes from mail delivery to carrier delivery, the amount listed for mail delivery ($720) would be subtracted from the amount listed for carrier delivery ($475). The resulting figure is -$245; therefore, $245 would be subtracted from the Quarterly Regular Expenses.

   e. Place a checkmark on the line for Item C if the business' Quarterly Demand Potential entitled it to a higher level of sales than its number of employees did or if an additional employee would be required at the next level of sales. Fill in the blank with the highest amount of sales possible with the business' current number of employees. (Note: A business may add only one part-time employee per quarter, even if its Quarterly Demand Potential entitled it to a level of sales requiring more than 1/2 additional employee.)

Managing the Game Session

Your main problem in managing the game session will be managing the time. Try not to exceed the recommended time limits for the various activities; if you do, some of the businesses may not be able to finish their Quarterly Business Plans by the end of the period. Five minutes before the end of the period, tell the players that it is time to stop working and start cleaning up. If any businesses have not finished their Quarterly Business Plans, they should stay after class to finish them, if possible. Have the players put all of their materials except their Quarterly Business Plans into their envelopes and turn them in before they leave. The Quarterly Business Plans should be turned in separately.

Potential Problem and Suggested Solution

Balance Sheets that don't balance. Hopefully, this will be a simple matter of arithmetic mistakes. If not, there will probably not be much time in class to find the source of the trouble. Assign the players involved to work on the balance sheet and find the error before the next game session. You should make yourself available to help them, but the players should have the primary responsibility for finding and correcting their errors.

Checklist: Preparations Required for Period 2

THE DAY BEFORE THE GAME SESSION:

_____ Complete scoring of Quarterly Business Plans for Quarter 1, as described on pages 83-84.

_____ Re-read section of TEACHER'S MANUAL dealing with Period 2.

_____ Prepare manila envelopes as described on page 88.

THE DAY OF THE GAME SESSION:

_____ Put Order of Play on chalkboard.

_____ Arrange classroom furniture.

_____ Arrange playing materials.

Period 2: The Eighth Game Session

Teaching-Learning Activities

1. Completion of Profit and Loss Statement for Quarter 1, Year 1
2. First Meeting of Brentwood Merchants' Association

Time Required

1. Classroom administrative matters (roll-taking, etc,);	5 minutes
2. Completing Profit and Loss Statement for Quarter 1, Year 1:	20 minutes
3. First Meeting of Brentwood Merchants' Association:	20 minutes
4. Clean-up and collection of playing materials	5 minutes
Total:	50 minutes

Materials Required

1. Manila envelope for each business, prepared as described on page 88.
2. The Summary of Events for Quarter 1, Year 1, for each business
3. Information from Trade Associates and Chamber of Commerce for Quarter 1, Year 1, for member businesses only
4. One Sales and Expense Report for each business.
5. One Profit and Loss Statement for each business
6. One Profit and Loss Statement Aid for each business
7. Items 7-14 from Period 1 (see page 77)
8. One copy of Brentwood Merchants' Association Agenda for First Meeting for each business
9. One Chairperson's Report

Classroom Set-up

1. Furniture. Same as Period 1.

2. Chalkboard. The Order of Play (page 77) that was on the chalkboard for Period 1 should be put on the chalkboard again.

3. Playing Materials. Arrange the playing materials to be used by the players in the order in which they will be given out: manila envelopes and one Profit and Loss Statement. The Quarterly Demand Potential Scoresheets, Sales Charts, Administrator's Key, and TEACHER'S MANUAL should be arranged on the Administrator's desk. The pencils, scratch paper, and paper clips should be handled as they were for Period 1.

   Before class, paperclip the Sales and Expense Report, Summary of Events, and Quarterly Business Plan for Quarter 1, Year 1, for each business to that business' manila envelope.

Distributing Playing Materials

At the beginning of class, distribute the manila envelopes, with the Sales and Expense Reports, Summaries of Events, and Quarterly Business Plans for Quarter 1. Remember to distribute Information from Trade Associations and Chamber of Commerce with the Summaries of Events only to those businesses that are members.

Administering the Game

At the beginning of the session:

1. TELL the class

   I HAVE DISTRIBUTED YOUR MANILA ENVELOPES, ALONG WITH THE "SALES AND EXPENSE REPORTS", "SUMMARIES OF EVENTS", AND "QUARTERLY BUSINESS PLANS FOR QUARTER 1". ARE THERE ANY QUESTIONS?

   [Answer questions.]

WE ARE NOW READY TO FILL OUT THE "PROFIT AND LOSS STATEMENT" FOR QUARTER 1. I WILL GIVE EACH BUSINESS A "PROFIT AND LOSS STATEMENT"; GO AHEAD AND FILL IN "BUSINESS NAME", OWNERS/MANAGERS", YEAR #, AND QUARTER #.

2. DISTRIBUTE Profit and Loss Statements and Profit and Loss Statement Aid.

3. COMPLETE Profit and Loss Statements. TELL the class

USE THE "PROFIT AND LOSS STATEMENT AID" TO HELP YOU COMPLETE YOUR P & L STATEMENT.

IF YOU HAVE QUESTIONS, ASK ME.

IT WILL HELP YOU LATER ON IF YOU PAPERCLIP TOGETHER ALL OF THE MATERIALS RELATING ONLY TO "QUARTER 1": THAT WOULD BE YOUR "QUARTERLY BUSINESS PLAN", "SALES AND EXPENSE REPORT", "SUMMARY OF EVENTS", AND "PROFIT AND LOSS STATEMENT". [Pause while players get these materials together.]

KEEP THE YEARLY MATERIALS TOGETHER ALSO: THAT WOULD BE THE "BALANCE SHEET AS OF TRANSFER OF OWNERSHIP", THE "EXPENSE WORKSHEET", AND THE "EXPENSE INFORMATION SHEET". [Pause.] YOU MAY ALSO WANT TO CLIP TOGETHER THE MATERIALS FROM THE STARTING SEGMENT OF THE GAME. [Pause.]

4. INTRODUCE First Meeting of Brentwood Merchants' Association

AS YOU KNOW, IN THIS GAME ALL OF YOU ARE MEMBERS OF THE BRENTWOOD MERCHANTS' ASSOCIATION. DURING THE GAME, THIS ASSOCIATION WILL MEET FOUR TIMES. THE FIRST MEETING WILL BE HELD TODAY. I WILL NOW GIVE EACH BUSINESS A COPY OF THE AGENDA FOR THE FIRST MEETING OF THE BRENTWOOD MERCHANTS' ASSOCIATION. GO AHEAD AND READ THE REPORT WHEN YOU GET IT.

5. DISTRIBUTE agenda and allow time for players to read it.

6. TELL the class

I SHOULD EXPLAIN TO YOU THAT THERE ARE A TOTAL OF 50 MEMBERS OF THE BRENTWOOD MERCHANTS'ASSOCIATION. ONLY ____ OF THEM ARE REPRESENTED IN THE GAME: YOU CAN ASSUME THAT WHATEVER YOU DECIDE TO DO IN THE MEETINGS, THE OTHER MEMBERS OF THE ASSOCIATION WILL GO ALONG WITH. REMEMBER THAT WHEN YOUR ASSOCIATION DECIDES TO SPEND MONEY ON ANYTHING. THE COST WILL BE DIVIDED AMONG 50 MEMBERS, RATHER THAN _____[number of businesses in your group].

THE FIRST ITEM ON THE AGENDA IS ELECTION OF A CHAIRPERSON. THE CHAIRPERSON WILL HAVE THE RESPONSIBILITY OF CONDUCTING THE MEETINGS OF THE ORGANIZATION AND MAKING A BRIEF REPORT ON THE ACTIVITIES OF EACH MEETING. ARE THERE ANY NOMINATIONS FOR THE OFFICE OF CHAIRPERSON?

[Conduct a brief election for chairperson, and then turn the meeting over to the chairperson. Give the Chairperson's Report to the Chairperson and explain to him or her how to use it. He/she will fill out the column labeled "Contribution Promised"; you will fill out the column "Actual Contribution" during the quarter a project is carried out.]

You should leave the running of the Merchants' Association meetings entirely up to the Chairperson. Do not make suggestions or give the students advice during the meetings. You should intervene only if the players have seriously misinterpreted information on the issues to be discussed or if the Chairperson is unable to control the meeting.

During the Merchants' Association meeting, write three column headings on the chalkboard: "Community Projects Scheduled", "Cost (per business)", and "Quarter". This chart will be used to remind the players of the cost and timing of the projects they have planned.

Warn the players at the end of 20 minutes that they have only five more minutes left for their meeting. At the end of 20 minutes, stop the meeting and get the Chairperson's Report from the Chairperson. Using the chart on the chalkboard, fill in the project(s) scheduled, the cost per business, and the quarter in which the cost should be paid. (For the street lighting petition drive, it would be "Quarter 2, Year 1"; for Park and Shop, it would be "every quarter".)

7. TELL the class

    THIS CHART WILL REMIND YOU OF THE EXPENSE OF THE COMMUNITY PROJECTS YOU HAVE PLANNED AND THE QUARTER IN WHICH THE EXPENSE SHOULD BE PAID. THESE EXPENSES SHOULD BE LISTED ON YOUR "PROFIT AND LOSS STATEMENT" FOR THE APPROPRIATE QUARTER UNDER "MERCHANTS' ASSOCIATION PROJECT".

Keep the Chairperson's Report handy for use in determining whether or not community projects are successful. During the quarter in which a community project is carried out, fill in the column labeled "Actual Contributions" from the quarterly Business Plans and add up the contributions. Then use the Administrator's Key to determine if the project is successful and how many points each business should receive for it. (Note: You will have to wait to add up the Demand Potential Scores and figure sales until all business plans have been submitted. You won't know if a project is successful until you've received all the plans.)

When you do the scoring of the business plans on the Quarterly Demand Potential Scoresheet for Quarter 2 and the remaining quarters in the game, you may have to enter points for community participation or seasonal community activities. Use the Administrator's Key to determine number and type of points to add. For Cooperative Advertising, simply enter the number of units on the Cooperative Advertising line and multiply by 50 to find effect on DP. Do not give additional points for the type of advertisement used.

Managing the Game Session

Try to complete the Profit and Loss Statement for Quarter 1 in the time allotted for it; otherwise, there will not be time for players to hold the Merchants' Association Meeting during this period. Five minutes before the end of the period, tell the players that it is time to stop working and start cleaning up. Have them put all of their materials into their envelopes. Collect the envelopes before the players leave.

Before the next class period, check the Profit and Loss Statements for Quarter 1 and correct any errors.

Checklist: Preparations Required for Period 3

THE DAY BEFORE THE GAME SESSION:

_____ Check Profit and Loss Statements for Quarter 1 and correct any errors.

_____ Re-read section of TEACHER'S MANUAL dealing with Periods 2 and 3.

THE DAY OF THE GAME SESSION:

_____ Put Order of Play on chalkboard.

_____ Arrange classroom furniture.

_____ Arrange playing materials.

Period 3: The Ninth Game Session

Teaching-Learning Activities

1. Play of Quarter 2, Year 1
2. Play of Quarter 3, Year 1

Time Required

1. Classroom administrative matters (roll-taking, etc.):	5 minutes
2. Play of Quarter 2, Year 1:	20 minutes
3. Play of Quarter 3, Year 1:	20 minutes
4. Clean-up and collection of playing materials:	5 minutes
Total:	50 minutes

Materials Required

1. Manila envelope for each business used in previous periods
2. Two Quarterly Business Plans for each business
3. Two Sales and Expense Reports for each business
4. The Summaries of Events for Quarters 2 and 3, Year 1, for each business
5. Information from Trade Associations and Chamber of Commerce for Quarters 2 and 3, Year 1, for member businesses only
6. Two Profit and Loss Statements for each business
7. Items 7-14 from Period 1 (page 77)

Classroom Set-up

1. Furniture. Same as previous periods.

2. Chalkboard. Same as Period 2.

3. Playing Materials. All of the playing materials to be used by the players will be given out at the beginning of the period: manila envelopes, Quarterly Business Plans, and Profit and Loss Statements. The Administrator's materials and the pencils, scratch paper, and paperclips should be handled as they were for previous periods.

Distributing Playing Materials

At the beginning of the period, distribute the manila envelopes and the Quarterly Business Plans and Profit and Loss Statements.

Administering the Game

Begin the session by saying:

1. TELL the class

   I HAVE DISTRIBUTED YOUR MANILA ENVELOPES AND HAVE GIVEN EACH BUSINESS TWO "QUARTERLY BUSINESS PLANS" AND TWO "PROFIT AND LOSS STATEMENTS". TODAY WE ARE GOING TO PLAY "QUARTERS 2 AND 3 OF YEAR 1". YOU CAN GO AHEAD NOW AND BEGIN WORK ON YOUR "QUARTERLY BUSINESS PLAN" FOR "QUARTER 2". FOLLOW THE "ORDER OF PLAY" ON THE CHALKBOARD AND GO RIGHT THROUGH "QUARTER 2". WHEN YOU HAVE FINISHED YOUR "PROFIT AND LOSS STATEMENT" FOR "QUARTER 2", GO AHEAD AND START "QUARTER 3". YOU WILL HAVE UNTIL THE END OF THE PERIOD TO FINISH "QUARTERS 2 AND 3".

2. ASK the students if they have any questions.

When the players give you their Quarterly Business Plans, score them immediately, following the same procedures you used on the Business Plans for Quarter 1. Do not let the players see the Quarterly Demand Potential Scoresheet. Return the Business Plans as soon as you finish scoring them; do not wait until all have been scored. While players are waiting for their Business Plans to be returned, they can begin to fill in their Profit and Loss Statements. Remember to give players their Sales and Expense Report, Summary of Events, and Information from Trade Associations and Chamber of Commerce (if they are members) when you return their Quarterly Business Plan.

Managing the Game Session

Since the players will be working at their own speed during this period, they will probably not all finish the quarters at the same time. You should keep watch on the time and tell any businesses that do not finish Quarter 2 in the 20 minutes allotted to it that their time is half up. Five minutes before the end of the period, tell the players that it is time to stop working and start cleaning up. Have them paperclip their materials for each quarter together, put all of the materials into their envelopes, and hand them in before they leave. Before the next class period, check the Profit and Loss Statements for Quarters 2 and 3 and correct any errors.

Potential Problems and Suggested Solutions

Players finishing before the end of the period should do something else for the rest of the period.

Players not finishing by the end of the period should come in outside of class to finish Quarter 3. If the majority of the class has not finished by the end of the period, continue Quarter 3 during Period 4.

Checklist: Preparations Required for Period 4

THE DAY BEFORE THE GAME SESSION:

_____ Re-read section of TEACHER'S MANUAL dealing with Period 4.

_____ Check Profit and Loss Statements for Quarters 2 and 3 and correct any errors.

THE DAY OF THE GAME SESSION:

_____ Put Order of Play on chalkboard.

_____ Put Community Projects chart on chalkboard.

_____ Arrange classroom furniture.

_____ Arrange playing materials.

Period 4: The Tenth Game Session

Teaching-Learning Activities

1. Meeting #2 of Brentwood Merchants' Association
2. Play of Quarter 4, Year 1

Time Required

1. Classroom administrative matters (roll-taking, etc.)	5 minutes
2. Meeting #2 of Brentwood Merchants' Association:	20 minutes
3. Play of Quarter 4, Year 1:	20 minutes
4. Clean-up and collection of playing materials:	5 minutes
TOTAL:	50 minutes

Materials Required

1. Information for Chairperson, Meeting #2, Brentwood Merchants' Association
2. Manila envelope for each business used in previous periods
3. One Quarterly Business Plan for each business
4. One Sales and Expense Report for each business
5. Summary of Events for Quarter 4, Year 1, for each business
6. Information from Trade Associations and Chamber of Commerce for Quarter 4, Year 1, for member businesses only
7. One Profit and Loss Statement for each business
8. One Chairperson's report
9. Items 7-14 from Period 1, page 77

Classroom Set-up

1. Furniture. Same as previous periods.
2. Chalkboard. Same as previous periods. In addition, the Chart used during Period 2 to remind players of community projects scheduled should be on the chalkboard.
3. Playing Materials. Arrange the playing materials to be used by the players in the order in which they will be given out: manila envelope, Quarterly Business Plan, Profit and Loss Statement, Information for Chairperson and Chairperson's Report. Arrange the materials used by the Administrator and the pencils, scratch paper, and paper clips the same way as for previous periods.

Distributing Playing Materials

At the beginning of the period, give the Information for Chairperson and Chairperson's Report, Meeting #2, to the Chairperson of the Merchants' Association. After the meeting, distribute the manila envelopes, the Quarterly Business Plans, and the Profit and Loss Statements.

Administering the Game

Begin the session by saying:

1. TELL the class

   THE FIRST HALF OF THE PERIOD TODAY WILL BE DEVOTED TO THE SECOND MEETING OF THE MERCHANTS' ASSOCIATION. DURING THE SECOND HALF YOU WILL PLAY THROUGH "QUARTER 4 OF YEAR 1". YOU WILL HAVE 20 MINUTES TO CONDUCT MEETING #2. GO AHEAD NOW AND START.

Have the Chairperson start the Merchants' Association meeting at this point. You should tell the Chairperson before the meeting if the projects sponsored by the Merchants' Association since the last meeting succeeded; he/she should announce the results of the projects at the beginning of the meeting.

After 20 minutes, stop the meeting, distribute the Quarterly Business Plans and Profit and Loss Statements and tell the players to play through Quarter 4. Any players who finish Quarter 4 before the end of the period can start working on their Year-End Worksheets and Balance Sheets. These sheets should be given to them when they have finished their Profit and Loss Statement for Quarter 4.

Five minutes before the end of the period, have the players put their materials in their envelopes and hand them in.

Remember to add any community projects planned at the fourth Merchants' Association meeting to the chart.

Before the next game session, check the Profit and Loss Statements for Quarter 4 and correct any errors.

Checklist: Preparations Required for Period 5

THE DAY BEFORE THE GAME SESSION:

_____ Re-read section of TEACHER'S MANUAL dealing with Period 4.

_____ Check Profit and Loss Statements for Quarter 4 and correct any errors.

THE DAY OF THE GAME SESSION:

_____ Put Order of Play on the chalkboard.

_____ Arrange classroom furniture.

_____ Arrange playing materials.

Period 5: The Eleventh Game Session

Teaching-Learning Activities

1. Introducing year-end Balance Sheet and scoring
2. Play of Quarter 1, Year 2

Time Required

1. Classroom administrative matters (roll-taking, etc.):	5 minutes
2. Introducing year-end Balance Sheet and scoring:	20 minutes
3. Play of Quarter 1, Year 2:	20 minutes
4. Clean-up and collection of materials:	5 minutes
Total:	50 minutes

Materials Required

1. Manila envelope for each business used in previous periods
2. One Year-end Worksheet for each business
3. One Year-end Worksheet Aid for each business
4. One Balance Sheet for each business
5. One Balance Sheet Aid for each business
6. One Scoresheet for each business
7. One Quarterly Business Plan for each business.
8. One Sales and Expense Report for each business
9. The Summary of Events for Quarter 1, Year 2, for each business
10. Information from Trade Associations and Chamber of Commerce for Quarter 1, Year 2, for member businesses only

11. One Profit and Loss Statement for each business

12. Items 7-14 from Period 1, page 77

Classroom Set-up

1. Furniture. Same as previous periods.

2. Chalkboard. Same as Period 2.

3. Playing Materials. Arrange the playing materials to be used by the players in the order in which they will be given out: manila envelopes, Year-End Worksheets, Balance Sheets, and Scoresheets; Quarterly Business Plans and Profit and Loss Statements. The Administrator's materials and the pencils, scratch paper, and paper clips should be arranged as they were for previous periods. You may want to keep extra Quarterly Business Plans and Profit and Loss Statements handy, in case some of the businesses start on Quarter 2 during this period.

Distributing Playing Materials

At the beginning of the period, distribute the manila envelopes, the Year-end Worksheets, the Balance Sheets, and the Scoresheets.

Administering the Game

Begin the session by saying:

1. TELL the class

   I HAVE GIVEN EACH BUSINESS ITS MANILA ENVELOPE, A "YEAR-END WORKSHEET", A "BALANCE SHEET", AND A "SCORESHEET". THE FIRST THING WE WILL DO THIS PERIOD IS TO COMPLETE A YEAR-END "BALANCE SHEET" AND CALCULATE RETURN ON INVESTMENT AND SCORING FOR "YEAR 1". THEN WE WILL BEGIN PLAY OF "YEAR 2".

2. DISTRIBUTE Year-end Worksheet Aids.

3. TELL the class

BEFORE YOU CAN COMPLETE A "BALANCE SHEET", YOU WILL HAVE TO FILL OUT A "YEAR-END WORKSHEET". FIND THAT WORKSHEET, YOUR "BALANCE SHEET AS OF TRANSFER OF OWNERSHIP", YOUR "EXPENSE WORKSHEET", AND ALL FOUR "PROFIT AND LOSS STATEMENTS" FOR "YEAR 1". USE THE "YEAR-END WORKSHEET AID" TO COMPLETE THE WORKSHEET.

4. DISTRIBUTE Year-end Balance Sheet Aids.

5. TELL the class

NOW YOU ARE READY TO COMPLETE YOUR "BALANCE SHEET". USE THE "YEAR-END BALANCE SHEET AID" TO HELP YOU COMPLETE THE BALANCE SHEET.

Work with any businesses having trouble until all balance sheets balance. If some are having a great deal of trouble, check the Owners's Equity section to make sure it is correct, and tell the players to correct the trouble outside of class.

6. TELL the class

NOW YOU ARE READY TO FILL OUT A SCORESHEET AND SEE HOW YOU HAVE DONE AT RUNNING YOUR BUSINESS FOR "YEAR 1". FIND YOUR "SCORESHEET" AND FILL IN THE INFORMATION AT THE TOP. [Pause.] FILL IN "TOTAL OWNER'S EQUITY" AND "GOODWILL" FROM YOUR "BALANCE SHEET" AND SUBTRACT TO GET "TANGIBLE OWNER'S EQUITY". [Pause.] GET THE FIGURE FOR "NET PROFIT OR LOSS" FROM YOUR "BALANCE SHEET" AND FIGURE YOUR RETURN ON INVESTMENT OR "ROI" FOR "YEAR 1". THEN USE THE "ROI CHART" TO FIND OUT HOW MANY POINTS TO ADD TO OR SUBTRACT FROM YOUR "STARTING SCORE". [Pause.] THE SCALE IN THE LOWER RIGHT-HAND CORNER OF THE SCORESHEET GIVES YOU SOME IDEA OF HOW GOOD YOUR BUSINESS' LONG TERM PROFIT PROSPECTS ARE AT THIS POINT.

TAKE SOME TIME NOW TO ORGANIZE YOUR MATERIALS. KEEP YOUR SCORESHEET AND BALANCE SHEETS WHERE YOU CAN FIND THEM EASILY; YOU WILL BE USING THEM AGAIN LATER IN THE GAME.

[Allow time for players to organize materials.]

YOU CAN NOW START "YEAR 2" OF YOUR OPERATION OF YOUR BUSINESS. I WILL GIVE EACH BUSINESS A "QUARTERLY BUSINESS PLAN" AND "PROFIT AND LOSS STATEMENT". GO AHEAD AND BEGIN "QUARTER 1 OF YEAR 2". YOU WILL HAVE UNTIL THE END OF THE PERIOD TO FINISH "QUARTER 1". IF YOU FINISH BEFORE THE END OF THE PERIOD, YOU CAN START ON "QUARTER 2".

7. DISTRIBUTE Quarterly Business Plans and Profit and Loss Statements.

Managing the Game Session

Once again, you will have to keep a close watch on time. Try to finish the year-end Balance Sheet and scoring in the twenty minutes allotted; if it takes longer, businesses may not be able to finish Quarter 1 by the end of the period. If most of the group has not finished Quarter 1 by the end of the period, let them continue work on it during Period 6.

Five minutes before the end of the period, tell the students that it is time to stop work and start cleaning up. Have them organize their materials, put them in their envelopes, and hand them in before they leave.

Before the next class period, check the Scoresheets and Profit and Loss Statements for Quarter 1 and correct any errors.

Fill out Quarterly Demand Potential Scoresheet for each business from Year 2. Long Term Demand Potential should equal subtotal from Year 1, Quarter 4.

Checklist: Preparations Required for Period 6

THE DAY BEFORE THE GAME SESSION:

_____ Re-read section of TEACHER'S MANUAL dealing with Period 6.

_____ Check Scoresheets and Profit and Loss Statements for Quarter 1 and correct any errors.

THE DAY OF THE GAME SESSION:

_____ Put Order of Play on chalkboard.

_____ Add Community Projects from third meeting to the chart.

_____ Arrange classroom furniture.

_____ Arrange playing materials.

Period 6: The Twelfth Game Session

Teaching-Learning Activities

1. Meeting #3, Brentwood Merchants' Association
2. Play of Quarter 2, Year 2

Time Required

1. Classroom administrative matters (roll-taking, etc.): 5 minutes
2. Meeting #3, Brentwood Merchants' Association: 20 minutes
3. Play of Quarter 2, Year 2: 20 minutes
4. Clean-up and collection of materials: 5 minutes

TOTAL: 50 minutes

Materials Required

1. Manila envelope for each business used in previous periods
2. One Quarterly Business Plan for each business
3. One Sales and Expense Report for each business
4. The Summary of Events for Quarter 2, Year 2, for each business
5. Information from Trade Association and Chamber of Commerce for Quarter 2, Year 2, for member businesses only
6. One Profit and Loss Statement for each business
7. Items 8-15 from Period 1
8. Information for Chairperson, Meeting #3

Classroom Set-up

1. Furniture. Same as previous periods.
2. Chalkboard. Same as previous periods. Add Community Projects from the third Merchants' Association meeting to the chart. The playground equipment would be paid for during Quarter 2, Year 2; the Fourth of July celebration during Quarter 3, Year 2.
3. Playing Materials. All of the playing materials to be used by the players will be given out together at the beginning of the period: manila envelopes, Quarterly Business Plans, and Profit and Loss Statements. The Administrator's materials and the pencils, scratch paper, and paper clips should be arranged as they were for previous periods.

Distributing Playing Materials

At the beginning of the period, distribute the manila envelopes and the Quarterly Business Plans and Profit and Loss Statements.

Administering the Game

Begin the session by saying:

1. TELL the class

   THE FIRST HALF OF THE PERIOD TODAY WILL BE DEVOTED TO THE THIRD MEETING OF THE MERCHANTS' ASSOCIATION. DURING THE SECOND HALF YOU WILL PLAY THROUGH QUARTER 2, OF YEAR 2.

The chairperson should conduct the meeting. Have him/her close the meeting after 20 minutes.

2. TELL the class

   I WILL NOW GIVE YOU A "QUARTERLY BUSINESS PLAN" AND "PROFIT AND LOSS STATEMENT", AND YOU CAN BEGIN WORKING ON QUARTER 2, YEAR 2. YOU WILL HAVE UNTIL THE END OF THE PERIOD TO FINISH QUARTER 2.

You will handle the scoring of the Quarterly Business Plans the same way as during previous periods.

Managing the Game Session

Keep watch on the time and make sure that no businesses lag very far behind. Five minutes before the end of the period, have the players stop work, put their materials in their envelopes, and hand them in, as during previous periods.

Before the next class period, check the Profit and Loss Statements for Quarter 2 and correct any errors.

Potential Problems and Suggested Solutions

Players finishing before the end of the period may go ahead and start Quarter 3.

Players not finishing by the end of the period should come in outside of class to finish Quarter 2. If the majority of the class has not finished by the end of the period, continue Quarter 2 during Period 7.

Checklist: Preparations Required for Period 7

THE DAY BEFORE THE GAME SESSION

_____ Re-read section of TEACHER'S MANUAL dealing with Period 7.

_____ Check Profit and Loss Statements for Quarter 2, Year 2, and correct any errors.

THE DAY OF THE GAME SESSION

_____ Put Order of Play on chalkboard.

_____ Add Community Projects from the fourth meeting to the chart.

_____ Arrange classroom furniture.

_____ Arrange playing materials.

Period 7: The Thirteenth Game Session

Teaching-Learning Activities

1. Play of Quarter 3, Year 2
2. Meeting #4, Brentwood Merchants' Association

Time Required

1. Classroom administrative matters (roll-taking, etc.):	5 minutes
2. Play of Quarter 3, Year 2:	20 minutes
3. Meeting #4, Brentwood Merchants' Association	20 minutes
4. Clean-up and collection of materials:	5 minutes
TOTAL:	50 minutes

Materials Required

1. Manila envelope for each business used in previous periods
2. One Quarterly Business Plan for each business
3. One Sales and Expense Report for each business
4. Summary of Events for Quarter 3, Year 2, for each business
5. Information from Trade Associations and Chamber of Commerce for Quarter 3, Year 2, for member businesses only
6. One Profit and Loss Statement for each business
7. Information for Chairperson, Meeting #4
8. Items 7-14 from Period 1, page 77

Classroom Set-up

1. Furniture. Same as previous periods.
2. Chalkboard. Same as previous periods. Add Community Projects from the fourth Merchants' Association meeting to the chart. The Fourth of July celebration would be paid for during Quarter 3, Year 2.
3. Playing Materials. All of the playing materials to be used by the players will be given out at the beginning of the period. Materials used by the Administrator and the pencils, scratch paper, and paper clips should be arranged the same way as for previous periods.

Distributing Playing Materials

At the beginning of the period, distribute the manila envelopes, Quarterly Business Plans, and Profit and Loss Statements.

1. TELL the class

   DURING THE FIRST HALF OF THE PERIOD TODAY YOU WILL PLAY THROUGH QUARTER 3 OF YEAR 2. THE SECOND HALF WILL BE DEVOTED TO THE FOURTH MEETING OF THE MERCHANTS' ASSOCIATION.

Five minutes before the end of the period, have the players put their playing materials in their envelopes and hand them in.

Before the next game session, check Profit and Loss Statements for Quarter 3 and correct any errors.

Checklist: Preparations Required for Period 8

THE DAY BEFORE THE GAME SESSION:

_____ Re-read section of TEACHER'S MANUAL dealing with Period 8.

_____ Check Profit and Loss Statements for Quarter 3 and correct any errors.

THE DAY OF THE GAME SESSION:

_____ Put Order of Play on chalkboard.

_____ Arrange classroom furniture.

_____ Arrange playing materials.

Period 8: The Fourteenth Game Session

Teaching-Learning Activities

1. Play of Quarter 4, Year 2
2. Completion of Year-end Balance Sheet and scoring

Time Required

1. Classroom administrative matters (roll-taking, etc.):	5 minutes
2. Play of Quarter 4, Year 2:	20 minutes
3. Completion of Year-end Balance Sheet and scoring:	20 minutes
4. Clean-up and collection of materials:	5 minutes
TOTAL:	50 minutes

Materials Required

1. Manila envelope for each business used in previous periods
2. One Quarterly Business Plan for each business
3. One Sales and Expense Report for each business
4. The Summary of Events for Quarter 4, Year 2, for each business
5. Information from Trade Association and Chamber of Commerce for Quarter 4, Year 2, for member businesses only
6. One Profit and Loss Statement for each business

7. One Year-End Worksheet for each business

8. One Balance Sheet for each business

9. Items 7-14 from Period 1, page 77

Classroom Set-up

1. Furniture. Same as previous periods.

2. Chalkboard. Same as Period 2.

3. Playing Materials. Arrange the playing materials to be used by the players in the order in which they will be given out: manila envelope, Quarterly Business Plan, and Quarterly Profit and Loss Statement; Year-End Worksheet and Balance Sheet. The Administrator's materials and the pencils, scratch paper, and paper clips should be arranged as for previous periods.

Distributing Playing Materials

At the beginning of the period, distribute the manila envelopes and Quarterly Business Plans and Profit and Loss Statements.

Administering the Game

Begin the session by saying:

1. TELL the class

   TODAY WE WILL BE PLAYING "QUARTER 4 OF YEAR 2" OF YOUR OPERATION OF YOUR BUSINESSES. THEN YOU WILL DO A FINAL BALANCE SHEET AND FIGURE YOUR FINAL SCORE. I HAVE GIVEN EACH BUSINESS ITS MANILA ENVELOPE AND A "QUARTERLY BUSINESS PLAN" AND "PROFIT AND LOSS STATEMENT". YOU WILL HAVE 20 MINUTES TO FINISH "QUARTER 4".

All of the businesses should finish Quarter 4 within 20 minutes. If some have not, have one member of the business finish Quarter 4 while the other works on the year-end balance sheet. When all of the businesses have finished Quarter 4, or at the end of 20 minutes, whichever comes first, continue by saying:

> IT IS NOW TIME TO START WORK ON YOUR "BALANCE SHEET AS OF THE END OF "YEAR 2". I WILL NOW GIVE EACH BUSINESS A "YEAR-END WORKSHEET" AND A "BALANCE SHEET". PLEASE DO NOT START TO WORK YET.

2. DISTRIBUTE sheets.

3. TELL the class

> TAKE OUT YOUR "BALANCE SHEET" AND "YEAR-END WORKSHEET" FOR "YEAR 1" AND YOUR "PROFIT AND LOSS STATEMENTS" FOR "YEAR 2". [Pause.] FIRST YOU WILL FILL OUT YOUR "YEAR-END WORKSHEET". FILL IN THE INFORMATION AT THE TOP OF THE PAGE. [Pause.] NOW ADD UP "TOTAL DEPRECIATION TO DATE". "DEPRECIATION FROM YEAR 2" WILL BE THE SAME AMOUNT AS "DEPRECIATION FROM YEAR 1". [Pause.] ADD UP THE LOAN PAYMENTS ON EACH OF YOUR LOANS AND FIGURE THE CURRENT AMOUNT OWED. [Pause.] ADD UP YOUR "UNPAID SALARIES" FOR THE YEAR AND ADD ANY FROM THE PREVIOUS YEAR TO GET "UNPAID SALARIES TO DATE". [Pause.] FINALLY, FIGURE YOUR "NET PROFIT OR LOSS FOR YEAR". [Pause.]
>
> NOW YOU ARE READY TO FILL OUT YOUR "BALANCE SHEET". FILL IN YOUR "BUSINESS NAME" AND "AS OF END OF YEAR 2". [Pause.] UNDER "CURRENT ASSETS", "CASH" WILL BE YOUR "NEW CASH ON HAND" FROM "QUARTER 4", "YEAR 2". [Pause.] "INVENTORY", "SUPPLIES", "FIXED ASSETS", AND "GOODWILL" WILL BE THE SAME AS AT THE END OF "YEAR 1". "DEPRECIATION TO DATE" WILL COME FROM YOUR "YEAR-END WORKSHEET". GO AHEAD AND ADD UP THE "ASSETS" SIDE. [Pause.] FILL IN THE FIGURES IN THE "LIABILITIES" SECTION FROM YOUR "YEAR-END WORKSHEET", AND ADD TO GET "TOTAL

LIABILITIES". [Pause.] "OWNER'S EQUITY TO DATE" WILL BE THE FIGURE YOU GOT FOR "TOTAL OWNER'S EQUITY" AT THE END OF "YEAR 1". [Pause.] ENTER "NET PROFIT OR LOSS FOR THE YEAR" FROM THE "YEAR-END WORKSHEET", AND ADD UP THE "LIABILITIES AND OWNER'S EQUITY" SIDE OF THE "BALANCE SHEET". [Pause.]

Scoring the Game and Determining the Winner

When everyone has finished filling out the balance sheet, continue:

1. TELL the class

   TAKE OUT YOUR SCORESHEET NOW, AND FIGURE YOUR "ROI" FOR "YEAR 2" AND YOUR FINAL SCORE.

While the players are figuring their final scores, list the names of the businesses on the chalkboard. When everyone has finished have them report their scores to you and list them on the board. The winner is the business with the highest final score.

Checklist: Preparations Required for Period 9

THE DAY BEFORE THE GAME SESSION:

_____ Re-read section of TEACHER'S MANUAL dealing with Period 9.

_____ Check Scoresheets and Profit and Loss Statements for Quarter 4, Year 2, correct errors.

THE DAY OF THE GAME SESSION:

_____ Arrange furniture in classroom.

_____ Arrange playing materials.

Period 9: The Post-game Discussion

Teaching-Learning Activities

Discussion of SBSG 2

Time Required

1. Classroom administrative matters (roll-taking, etc.): 5 minutes
2. Ending and discussing SBSG 2: 40 minutes
3. Clean-up and collection of playing materials: 5 minutes

TOTAL 50 minutes

Materials Required

1. Manila envelope for each business used in previous periods
2. Completed Starting Demand Potential Scoresheets
3. Completed Quarterly Demand Potential Scoresheets

Classroom Set-up

1. Furniture. Same as previous periods.
2. Playing Materials. Paperclip the Scoresheets to the outside of the manila envelopes.

Discussing the Game

1. DISTRIBUTE the manila envelopes.

2. ASK the following questions. Encourage players to talk about their experiences and problems with specific businesses.

    a. WHAT DOES YOUR SCORE REPRESENT AT THIS POINT IN THE GAME? (Long range chance of staying in business and making a profit.)

    b. WHAT FACTORS MAKE THE BIGGEST DIFFERENCE IN DETERMINING BUSINESS SUCCESS IN THE GAME? ARE THESE SAME FACTORS THE MOST IMPORTANT IN DETERMINING BUSINESS SUCCESS IN THE REAL WORLD?

    c. WHAT FACTORS DO YOU THINK INFLUENCED YOUR SALES? (Make sure they realize that their sales were influenced by their advertising and promotion, product line, services and sales policies, suppliers and community participation.)

3. DISTRIBUTE the Starting Demand Potential Scoresheets and Quarterly Demand Potential Scoresheets to the players.

4. TELL the class

    I HAVE GIVEN YOU THE "DEMAND POTENTIAL SCORESHEETS" FOR YOUR BUSINESS. DEMAND POTENTIAL WAS USED THROUGHOUT THIS GAME TO DETERMINE YOUR LEVEL OF SALES; IT WAS A MEASURE OF THE DEMAND YOU WERE ABLE TO CREATE FOR YOUR PRODUCTS OR SERVICES. LOOK AT THE "STARTING DEMAND POTENTIAL SCORESHEET" FOR YOUR BUSINESS. INITIALLY, YOUR LONG TERM DEMAND POTENTIAL WAS DETERMINED BY TWO THINGS: THE RATING YOU RECEIVED ON YOUR "MARKETING PLAN" AND THE QUALITY OF PRODUCTS YOU COULD GET FROM THE SUPPLIER YOU CHOSE. THE POINTS YOU RECEIVED ON THIS SHEET FOR YOUR SUPPLIER WERE BASED ONLY ON QUALITY; THEY DO NOT INDICATE HOW APPROPRIATE OR INAPPROPRIATE EACH SUPPLIER WAS.

YOUR LONG TERM DEMAND POTENTIAL WAS THEN TRANSFERRED TO THE "QUARTERLY SCORESHEET". ON THE BACK OF THIS SCORESHEET POINTS WERE ADDED OR SUBTRACTED AS A RESULT OF PERMANENT CHANGES YOU MADE IN SUPPLIERS, SERVICES AND SALES POLICIES, AND PRODUCT/SERVICE LINE. SOME TYPES OF COMMUNITY PARTICIPATION ALSO HAD A PERMANENT EFFECT ON YOUR DEMAND POTENTIAL. ON THE FRONT OF THE SHEET POINTS WERE ADDED EACH QUARTER FOR ADVERTISING, PROMOTION, AND SEASONAL COMMUNITY ACTIVITIES. TAKE A FEW MOMENTS NOW TO LOOK OVER THE SCORESHEETS.

[Allow time for the players to examine the sheets.]

5. ASK the following questions:

   a. DID YOU REALIZE WHAT FACTORS WERE AFFECTING YOUR SALES? DO YOU THINK A REAL BUSINESSPERSON IS ABLE TO TELL EXACTLY WHAT FACTORS ARE AFFECTING HIS/HER SALES?

   b. WHAT EFFECT DID COMMUNITY PARTICIPATION HAVE ON YOUR BUSINESS? WHAT EFFECT DID IT HAVE ON THE COMMUNITY? WHAT EFFECTS DOES IT HAVE IN THE REAL WORLD?

   c. HOW DID YOU DECIDE WHICH ORGANIZATIONS TO JOIN? IF YOU PLAYED THE GAME AGAIN, WOULD YOU JOIN THE SAME ONES? WHAT WERE THE ADVANTAGES IN THE GAME OF BELONGING TO THE CHAMBER OF COMMERCE? TO THE TRADE ASSOCIATION? WHAT ARE THE ADVANTAGES IN REAL LIFE?

   d. WHAT FACTORS INFLUENCED THE AMOUNT OF PROFIT YOU MADE? WHAT WERE YOU ABLE TO DO TO INFLUENCE YOUR PROFIT? WERE YOU ABLE TO MAKE A HIGHER PROFIT THAN THE PREVIOUS OWNER DID?

   e. HOW DID YOUR BUSINESS PLANS INFLUENCE THE SUCCESS OF YOUR BUSINESS? DID YOU CHANGE ANY OF YOUR ORIGINAL DECISIONS DURING THE GAME?

f. WHAT MADE THE MOST DIFFERENCE IN DETERMINING BUSINESS SUCCESS IN THE GAME? WHAT MAKES THE MOST DIFFERENCE IN DETERMINING WHETHER OR NOT A REAL BUSINESS SUCCEEDS?

g. WHAT DID YOU LEARN FROM PLAYING SBSG 2 ABOUT STARTING AND RUNNING A BUSINESS?

Collecting the Playing Materials

At the end of the period, have the players put their materials in their envelopes and turn them in. Some of the materials may be useful to you in evaluating players' performance in the game.

Evaluating the Players' Performance in the Game

Players' performance in the game should not be evaluated solely on the basis of their scores. Small differences between businesses in number of points earned are not especially significant. Some of the variation in scores may be due to differences among businesses, rather than to differences among players. The trend of a player's score may be more important than the actual amount of the score. If a player started the Running segment of the game with a low score and was able to raise it during the Running segment, he/she would be doing better than a player who started with a high score and lost points during the Running segment. You should also look for improvement during Year 2 over Year 1; the ROI for Year 2 should probably be higher than the ROI for Year 1.

Another consideration in evaluating players' performance in the game is whether they appear to have learned how to fill out a balance sheet and profit and loss statement. This can be determined by observation in class and by examination of th sheets completed by the player.

The most important consideration in evaluating players' performance is probably the degree to which they have achieved the educational objectives of the game. The post-game discussion will be a helpful tool in determining whether the players have achieved these objectives. Even a player who has made many mistakes may understand and be able to express the concepts the game is intended to demonstrate.

SBSG 2

Starting a Business

Facsimiles of Role Profile Cards

Role Profile #1

You are a restaurant manager. You have worked at the same restaurant for five years; before that you worked at two other restaurants. All of your experience has been in waiting on tables and managing; you know nothing about cooking. You have been earning $10,000 a year as manager. You now have $10,000 saved up and want to go into the restaurant business for yourself. You are looking for a partner. Your mother is willing to loan you $5,000 to help you get started.

Role Profile #2

You have managed the bakery for a chain of grocery stores for ten years. Before that you worked as a baker and supervisor in two retail bakeries. Your uncle recently left you $150,000, and you would like to become the owner and manager of your own bakery. You are looking for a partner to go into business with you. You have been earning $10,000 a year as bakery manager. Another uncle is willing to loan you $10,000 to help you get started.

Role Profile #3

You have worked as a floral designer for the last 15 years; during this time you have helped the owner of the flower shop with the ordering and have supervised two part-time workers. You have $6,000 in savings and have been thinking about opening your own shop; you are looking for a partner with whom to go into business. You have been earning $8,000 a year as a floral designer. Your uncle is willing to loan you $2,000 to help you get started.

Role Profile #4

You have been the owner of two past businesses: a dry cleaner and a hardware store. You sold your share of the cleaner to your partner a month ago because you did not agree on how the business should be run. You now have $8,000 to invest in a new business opportunity and would like to remain in the dry cleaning business. You are looking for a new partner. You have been earning $6,000 a year as owner of the dry cleaner. A friend is willing to loan you $2,000 to get started.

Role Profile #5

You have a college degree in journalism and have worked on several small town newspapers over the last ten years. You are now a feature writer for a great metropolitan newspaper. Your lifelong dream is to be the owner and editor of a newspaper. You have inherited $60,000 from your grandfather, which you want to invest in a paper. You are looking for a partner. Your brother is willing to loan you $5,000. You are making $8,000 a year in your present job.

Role Profile #6

You are manager of the sales department of a large office supply wholesaler. You have held this job for five years; before that, you worked in various low-level jobs with the same company. You have $20,000 saved up, and you would like to use it to go into the wholesale office supply and stationery business for yourself. Right now you are looking for someone to invest in it with you. You are making $9,000 a year at your present job. A friend is willing to loan you $5,000 to help you get started.

SBSG 2

Starting a Business

Facsimiles of Role Profile Cards page 2

Role Profile #7

For the past four years you have worked in a small European-style pastry shop and cafe as pastry chef. You also have experience as a general chef in two large restaurants. You have been earning $8,000 a year at the pastry shop. You have saved up $5,000 which you could invest in a business.

Role Profile #8

You are a buyer in men's clothes for a large department store. You have had training in fashion merchandising and have worked in two smaller clothing stores. You have been making $10,000 a year. Your hobby is raising plants, and you have built your own small greenhouse. You have been selling plants on a small scale for the last two years. You have $5,000 to invest in a business.

Role Profile #9

You have worked in small manufacturing plants since you graduated from high school 15 years ago. Right now you are the foreman in a small crate construction company. You have had special training in production control for small manufacturers. Your present employer is moving to a new location, and you have $5,000 saved up which you would like to use to go into business. You have been earning $9,000 a year in your present job.

Role Profile #10

You are the manager of a commercial printing company. Before you were promoted to this job three years ago, you were a foreman for the same company for two years and a printer for five years. You have $5,000 which you could invest in a business. You have been earning $8,000 a year in your present job.

Role Profile #11

You are the manager of the repair department in a large department store. You have just completed an evening class in small business management and want very much to go into business for yourself. You have $5,000 in savings which you are willing to invest in a business. You have been earning $8,000 annually.

Role Profile #12

You are the manager of a small wholesale hardware warehouse. You have had special training in wholesale stock control, plus eight years experience working in wholesale warehouses. You are making $8,000 per year in your present job. You have $5,000 saved up which you could invest in a business.

SBSG 2

Starting a Business

Facsimiles of Role Playing Cards page 3

Role Profile #13

You have $2,000 to invest in a business. You have had training in business management and are now working as manager of the camera department of a large department store. You don't want to quit your present job but would like to be involved in the running of the business. You don't especially want a salary, but you would expect to share in the profits.

Role Profile #14

You have $2,000 to invest in a business. You have taken night classes in business and are now managing a chain grocery store. You don't want to quit your present job and would not expect a salary from the business you invested in. But, you would like to help make the decisions involved in running it, and you would like to share in whatever profits there were.

Role Profile #15

You have $2,000 to invest in a business. You took business management courses in college and now teach high school. You don't want to quit your present job, and you don't expect a salary from the business you invest in. You would like to help make the decisions involved in running it, and you would like to share in the profits.

Role Profile #16

You have $2,000 to invest in a business. You have training in business management and now work for a community development group. You don't want to quit your job, and you don't need a salary from the business you invest in. You want to help make the decisions involved in running it and share in whatever profits there are.

Role Profile #17

You have $2,000 to invest in a business. You took a course in small business management in high school and now work for the state government. You don't want to quit your job, but you would like to be involved in running a business. Rather than being paid a salary by the business, you are willing to receive only a share of the profits.

Role Profile #18

You have $2,000 to invest in a business. You have training in business management and now work in a large shoe factory as a manager. You don't want to quit your job, but you would like to be involved in running a small business. Rather than being paid a salary, you are willing to receive only a share of the profits.

BUSINESS PROFILE

Name of Business: Brentwood Neighbor

I. Physical Condition

The Brentwood Neighbor is located on the ground floor of an office building which is about 10 years old. The Neighbor occupies half of the ground floor; the other half is occupied by a travel agency. The office is modern, spacious, and pleasant. It is divided into three large rooms; one at the front is the customer area, with several comfortable couches and chairs across the front, plants in the window, and a long counter and two secretary's desks across the back. The middle section is a large office area, with twelve desks, bookshelves, supply cabinets, and a large worktable all crowded in. There is no space to spare in this room, and only a narrow walkway is left along one wall between the customer area and the press room at the back. At the front of this section, a small cubicle is partitioned off for the editor/publisher's office. It contains a desk, two chairs, and a bookcase. The back section holds the press room, which contains the newspaper's presses, tables for doing layout work, and other equipment. There seems to be enough room for all of the equipment. Part of the basement of the building is used for storage of materials and files of back issues of the paper.

The newspaper's presses and other equipment are in good condition and less than five years old. The owners explain that when they bought the paper, they replaced all of the old equipment.

The office has a large window across the front, with the words "Brentwood Neighbor" printed across it.

Rent for the office is $500 a month; there are five years remaining on a ten-year lease.

II. Neighborhood Characteristics

(See attached maps for bus routes and crime rates.)

The site on which the Brentwood Neighbor is located is zoned for this type of office, and there are no plans for change.

Signs projecting more than 12 inches from any side of the building are prohibited on Adams between Stevens Lane and Park Avenue.

The buildings on Adams between Stevens Lane and Park Avenue are all about 10 years old. The shops in the area all offer high quality merchandise at medium to high prices.

III. Owner's Analysis and Plans

Ms. Vogel and Ms. Patrick, the owner/editors of the Brentwood Neighbor, tell you:

They bought the paper five years ago from a man who had edited and published it for fifteen years. He had been the founder of the paper; it has been called the Brentwood Neighbor ever since it was started.

They moved the paper to its present location and bought all new equipment when they took it over.

They are tired of handling all the details of work on the paper and putting in such long hours. They think they would like to get jobs on a large metropolitan daily.

They plan to pay the Neighbor's current and long-term liabilities themselves; there will be none for a buyer to assume.

Their asking price of $110,000 includes the value of the paper's fixed assets and supplies, plus goodwill.

The West Side Shopper has been in business for three years; they feel it has hurt their advertising business and circulation.

IV. Product and Service Line

A. Industry-wide

Most weekly community newspapers do commercial printing on the side to keep their presses busy during the part of the week when the newspaper is not being printed. (It is important not to do so much commercial printing that the printing of the newspaper is interfered with, however.) They may also sell office supplies and equipment as a sideline, especially if there are no office supply stores nearby.

Successful community newspapers generally concentrate on local news and issues, especially personal and organizational news. Both display and classified advertising generally have a local emphasis, with community merchants and residents doing most of the advertising. The local slant in advertising is one of the community weekly's main advantages over the metropolitan daily, which must feature advertising for the entire area. The same holds true for local news.

Most community newspapers get about 50% of their income from display advertising, about 10% from classified advertising, about 10% from circulation, about 25% from commercial printing, about 5% from miscellaneous sources.

Most community newspapers run about 60% advertising to 40% news; with a lower percentage of advertising, the cost of printing the paper remains the same, but the amount of income it brings in drops.

Paid circulation should be about 30% of the community's population, for a successful newspaper.

B. Neighbor

The Neighbor's current paid circulation is 5,000. 4,000 of those go to subscribers, about 1,000 are sold on newsstands and in businesses.

The Brentwood Neighbor is published weekly, in a tabloid format (11 1/2"X 16"); it is usually 20 pages long.

The Neighbor does a great deal of commercial printing. Commercial printing currently accounts for about 40% of the paper's income. Jobs are piled up, and often the printing of the paper has to wait until a commercial job is completed. Ms. Vogel and Ms. Patrick explain that they feel their customers' printing is more important than their own.

The Neighbor concentrates on community news and issues, but tries to use the impersonal style of the metropolitan dailies. "We don't want it to turn into a neighborhood scandal sheet," explains Ms. Patrick, "so we limit the amount of space we give to local organizations to half a page every two weeks, and we use the other half of that page for personal news. Otherwise, we try to treat matters of more general community concern, like school board decisions affecting the community, street repair work, things like that."

Most of the Neighbor's advertising comes from the Brentwood area, although some attempts have been made lately to convince downtown department stores to advertise. The staff does not generally solicit advertising, but depends on old regular advertisers and long-term advertising contracts.

The Neighbor currently runs about 40% advertising and 60% news. "People don't like a paper with too much advertising," explains Ms. Vogel.

The Neighbor currently gets about 35% of its income from display advertising, about 10% from classified advertising, about 15% from circulation, and about 40% from commercial printing.

V. Sales Policies

A. Industry-wide

Community newspapers are distributed either on a paid subscription basis or free of charge. Especially in areas where there are free shopping papers, a paid subscription basis usually causes readers to hold the paper in higher regard and take it more seriously.

Community newspapers can be distributed by carriers, sent through the mail, sold on newsstands and in places of business. Carriers can also handle collection of payments for subscriptions and can be used to solicit for new subscriptions. Carriers generally receive a 10% commission on each paper they sell. Postage costs are about 1/2¢ per copy for a 20-page paper, plus the cost of postage for sending out subscription renewal notices and bills, about 20¢ per subscriber per year.

Newspapers are usually sold on a prepaid subscription basis, although current subscribers may be sent a few issues of the paper after their subscriptions run out but before they have paid for renewals.

Delivery service is often offered for printing jobs.

Payment for printing jobs may be required when they are picked up, or bills may be sent.

B. Neighbor

The Brentwood Neighbor is distributed on a paid subscription basis, by carriers, and is also sold on newsstands and in local places of business. Single copies on the newsstand sell for 10¢ apiece; subscription rates are about 9¢ per copy.

The Neighbor does not offer delivery service for printing jobs.

Subscriptions are sold on a prepaid basis only.

Printing jobs may be paid for when they are picked up, but credit is also extended if requested.

Advertising may be paid for when the ad is placed, or a bill can be sent.

VI. Advertising

A. Industry-wide

Community newspapers do most of their own advertising; a display ad in the paper with a subscription order blank is often used. Flyers may also be distributed in the neighborhood or stuffed into a sample copy of the paper. Other media are used to a lesser extent. Special promotional campaigns or newspaper-sponsored community events are other means of advertising that are often used. Total cost of all advertising (including that in your own paper) should be about 3%-4% of your yearly net sales.

(Note: In this game, you will pay yourself for all advertising you do in your own paper, and for all flyers you print for yourself.)

B. Neighbor

The Neighbor does not now advertise in its own pages on a regular basis. A display ad with subscription blank is run on the last page once a month, "if there's room"--which there usually isn't. The paper sponsored a community pet show about a year ago, but has run no other promotional events since.

The Neighbor advertises its printing services by direct mail to businesses.

VII. Legal Organization

A. Industry-wide

Newspapers may be operated as single proprietorships, partnerships, or corporations. Single proprietorships and partnerships are easier and cheaper to start and require less legal advice. However, proprietors or partners are personally responsible for all debts of the business, and loan payments owed by the business must be paid before the owners are paid a salary. Corporations are more expensive to start and require more legal advice; however, owners are not personally responsible for the company's debts and can pay themselves a salary even if the business is not able to meet all of its loan payments.

B. Neighbor

The Brentwood Neighbor is currently operated as a partnership.

VIII. Insurance

A. Industry-wide

Most newspapers carry fire, liability, and automobile insurance. (Fire insurance usually also includes insurance against other physical risks to the business.) Even if the paper does not own any cars or trucks, it may be held responsible for damage in an accident involving a private car being used for newspaper business. In addition, crime insurance, glass insurance, group life and health insurance may be purchased. Glass insurance is usually almost as expensive as the cost of replacing the glass.

B. Neighbor

The Brentwood Neighbor's current fire, liability, and automobile insurance all expire next week.

It would cost you $750 per year to continue the Neighbor's present insurance coverage--$400 for fire insurance, $200 for liability, and $150 for automobile.

The group health insurance currently held by the Neighbor costs 5% of the payroll annually; it will expire as soon as payment stops.

It would cost $100 per year for crime insurance and $250 per year for glass insurance.

Group life insurance is available for 3% of the payroll.

IX. Personnel

A. Industry-wide

Community newspapers should do yearly net sales of about $15,000 per full-time employee ($7,500 per part-time employee), including owners. Payroll, including owners' salaries, should be about 35% of yearly net sales.

Generally. about 1/4 of the total manhours should be spent in the printing plant; a newspaper with a lot of commercial printing business will probably require more. 1/6 of the total manhours should be secretarial.

A paper the size of the Neighbor usually requires one full-time ad salesperson. Telephone orders for advertising can be handled by the secretarial staff.

B. Neighbor

There are presently 13 full-time employees and 10 part-time employees, plus Ms. Vogel and Ms. Patrick. (Carriers are not included in this figure.) Seven of the full-time employees and four of the part-time employees work in the printing plant. Four of the full-time employees are secretaries, one is a writer, and one is a lay-out artist. Three of the part-time employees are writers, one is a writer-photographer, one is in charge of advertising, and one is a maintenance person/janitor.

The Neighbor's printing plant employees belong to a union.

X. Financial Records (Attached).

BRENTWOOD NEIGHBOR

Yearly Profit-and-Loss Statements for the Last Three Years

	Year 1	Year 2	Year 3*
Net Sales (includes all sources of income)	$225,000	$230,000	$235,000
Cost of Sales	67,500	69,000	70,500
Gross Margin	$157,500	$161,000	$164,500
Percentage	70%	70%	70%
EXPENSES			
Owners' Salaries	12,000	12,000	12,000
Employees' Wages	108,000	108,000	108,000
Delivery (Carriers' Commission)	1,900	1,900	1,900
Rent	6,000	6,000	6,000
Advertising	100	100	100
Taxes & Licenses	3,000	3,000	3,000
Depreciation: Fixtures & Equipment	6,000	6,000	6,000
Telephone	600	600	600
Insurance	6,750	6,750	6,750
Legal & Accounting Fees	1,000	1,000	1,000
Utilities	2,000	2,000	2,000
Bad Debts	1,000	1,100	1,100
Supplies & Equipment	1,000	1,100	1,100
Interest	3,100	3,100	3,100
TOTAL EXPENSES	$152,450	$152,650	$152,650
NET PROFIT	$ 5,050	$ 8,350	$ 11,850

*Year just ended

BRENTWOOD NEIGHBOR

Current Balance Sheet

Assets		Liabilities and Owner's Equity	
Current		Current	
Cash	$11,500	Accounts Payable	$2,000
Inventory	2,400	Other	2,000
Supplies	1,000	Subtotal	$4,000
Subtotal	$14,900		
		Long-Term	
Fixed		Equipment Loans	5,000
Fixtures & Machinery	$120,000	Bank Loans	2,000
Less Depreciation	-30,000	Subtotal	$7,000
Subtotal	$ 90,000		
		Capital	
		Owner's Investment	$82,050
		Year's Profit	11,850
		Subtotal	$93,900
TOTAL ASSETS	$104,900	TOTAL LIABILITIES AND OWNER'S EQUITY	$104,900

BRENTWOOD NEIGHBOR

Assets Included in the Sale		Liabilities Included in the Sale
Current		
Inventory	$2,400	None
Supplies	1,000	
Subtotal	$3,400	
Fixed		
Fixtures & Machinery	$90,000	
TOTAL	$93,400	

BUSINESS PROFILE

Name of Business: Flora's Flowers

I. Physical Condition

Flora's Flowers is located in a small, well-kept building about 10 years old. The sign across the front is cheerful and clearly visible. There is a large front display window containing mostly potted plants and a sign advertising terrarium materials.

Inside, the store is cheerful, neat, and well-organized. Shelves in one section of the store hold small potted plants, while refrigerated display cases along one wall contain a large selection of cut flowers. A counter across the back of the store holds the cash register, catalogs of floral arrangements, and space for wrapping purchases.

The workroom is located in the back half of the store and is partially visible from the front section. There is one large work table, shelves for supplies, a large sink, and another refrigerated case. There is also quite a lot of empty space.

The store owns a panel truck for deliveries; it's in good condition.

There is space in the alley behind the store for the delivery truck to park.

Mr. Flora pays a rent of $300 a month. There is one year left on a two-year lease.

II. Neighborhood Characteristics

(See attached maps for bus routes and crime rates.)

The site on which Flora's Flowers is located is zoned for retail business, and no change is contemplated.

There are no restrictions as to size or location of signs on buildings in the vicinity of Flora's Flowers.

The shops in the 4200 and 4300 blocks of Main Street offer high quality, high-priced merchandise. The stores in the 4400 block are all good quality, medium price stores.

III. Owner's Analysis and Plans

The owner of Flora's Flowers, Mr. Flora, tells you that:

He has operated Flora's Flowers for five years. "It's always been a good little business. I drove an older florist up the street out of business when I first opened," he says proudly.

He wants to sell so he can retire and move to Florida. "It's funny," he says. "That's what that other florist down the street said when he quit. Of course, in his case, he had no choice. I forced him out of business--he couldn't stand the competition."

His asking price of $15,000 includes the value of the store's assets plus $2,000 for good will.

He plans to pay all of the current and long-term liabilities of the business; none of them would be transferred to the buyer.

IV. Product and Service Line

A. Industry-wide

Flower shops can concentrate on different types of business. Some shops specialize in cut flowers of small potted plants, selling mostly to walk-in customers. Others emphasize floral arrangements for special occasions, such as weddings, parties, and funerals. Unusual or individualized designs may be a specialty. Gift fruit baskets may be a specialty or may not be offered at all. A large selection of vases, pots, ceramic figures, and artificial flowers is offered by some shops.

The age and family status of residents affects the type of business a flower shop does; younger people use more flowers for entertaining, while older people place more hospital and funeral orders.

Floral arrangements still account for about 75% of total florists' sales in the Calverton area.

Sales of potted plants, especially small ones, have tripled in the last five years.

B. Flora's

Mr. Flora tells you:

He tries to concentrate on cut flowers and small potted plants now. He believes that people are less interested in flower arrangements than they used to be. "Besides, my best floral designer quit two years ago to open her own shop in her home town. I haven't had a good designer since then, and I'm too old to do much of that now myself."

"My cut flowers are absolutely top quality. Sure my prices are high, but for what people get from me, they're well worth it."

He doesn't offer fruit baskets any more, "I used to, but they were too much of a bother. People used to ask for them, but they don't any more. I guess they get them from that florist over on Park Avenue. I've never been in his store, but he must sell fruit baskets."

V. Sales Policies

A. Industry-wide

Flower shops generally offer store credit and may also accept major credit cards. Membership in a nationwide floral wire service helps to increase sales. Delivery service is a must.

National and bank credit cards usually charge about 5% on credit card sales for their services. Credit card sales usually account for 10%-15% of a florist's sales.

B. Flora's

Mr. Flora tells you:

He extends store credit, but does not accept credit cards.

He is a member of a floral wire service, and the membership could be transferred with the sale of the store.

VI. Advertising

A. Industry-wide

Most flower shops spend 3%-4% of their gross annual sales on advertising.

B. Flora's

Mr. Flora tells you:

He doesn't advertise in the newspapers. "I don't want people calling in orders from all over town. It makes for too much delivery work."

His advertising consists mostly of occasional flyers.

VII. Legal Organization

A. Industry-wide

Florist's shops may be operated as single proprietorships, partnerships, or corporations. Single proprietorships and partnerships are easier and cheaper to start and require less legal advice. However, proprietors or partners are personally responsible for all debts of the business, and loan payments owed by the business must be paid before the owners are paid a salary. Corporations are more expensive to start and require more legal advice; however, owners are not personally responsible for the company's debts and can pay themselves a salary even if the business is not able to meet all of its loan payments.

B. Flora's

Flora's Flowers is currently a single proprietorship.

VIII. Insurance

A. Industry-wide

Most florists carry fire, liability, and automobile insurance. (Fire insurance usually also includes insurance against other physical risks to the business.) In addition, crime insurance, glass insurance, group life and health insurance may be purchased. Glass insurance is usually almost as expensive as the cost of replacing the glass.

B. Flora's

The insurance agent tells you that:

Flora's Flowers' current fire, liability, automobile, glass, and crime insurance expire next week.

It would cost you $850 per year to continue Flora's current insurance coverage--$150 for fire insurance, $150 for liability, $200 for automobile, $250 for glass and $100 for crime.

Group health insurance coverage is available to businesses with three or more employees (including owner-managers) at a cost of about 5% of the payroll. Group life insurance is available for about 3% of the payroll.

IX. Personnel

Mr. Flora currently has one employee, a floral designer and saleswoman. "I'm afraid I can't recommend her work, though. She's been working for me for three months, and I keep hoping she'll get better. So far she hasn't."

X. Financial Records (Attached)

FLORA'S FLOWERS

Yearly Profit-and-Loss Statements for The Last Three Years

	Year 1	Year 2	Year 3*
Net Sales	$49,000	$52,000	$45,300
Cost of Slaes	23,000	24,400	21,300
Gross Margin	26,000	27,600	24,000
%	53%	53%	53%
Expenses:			
Owner's Salary	$6,000	$6,000	$5,500
Employees' Wages	6,000	6,000	6,000
Delivery	1,400	1,500	1,300
Rent	3,600	3,600	3,600
Advertising	1,000	1,000	1,000
Taxes & Licenses	450	450	450
Depreciation: Fixtures & Equipment	800	800	800
Telephone & Telegraph	600	650	550
Insurance	850	850	850
Legal & Accounting Fees	1,000	1,000	1,000
Utilities	1,000	1,000	1,000
Bad Debts	150	150	200
Supplies	500	500	500
Interest	100	100	100
TOTAL EXPENSES	$23,450	$23,600	$22,850
NET PROFIT	$ 2,550	$ 4,000	$ 1,150

*Year just ended.

FLORA'S FLOWERS

Current Balance Sheet

Assets		Liabilities and Owner's Equity	
Current		Current	
Cash	$2,500	Accounts Payable	$2,000
Inventory	2,000	Other	500
Supplies	500	Subtotal	2,500
Subtotal	$5,000		
		Long-Term	
Fixed	5,000	Equipment Loans	3,000
Truck	11,000	Bank Loans	2,000
Furniture & Fixtures	-6,000	Subtotals	5,000
Less Depreciation	$10,000		
		Capital	
Subtotal			
		Owner's Investment	6,350
		Year's Profit	1,150
		Subtotal	7,500
TOTAL ASSETS	$15,000	TOTAL LIABILITIES & OWNER'S EQUITY	$15,000

FLORA'S FLOWERS

Assets Included in the Sale		Liabilities Included in the Sale
Current		None
Inventory	$2,000	
Supplies	500	
Subtotal	2,500	
Fixed		
Truck	3,000	
Furniture & Fixtures	7,000	
Subtotal	10,000	
TOTAL	$12,500	

BUSINESS PROFILE

Name of Business: Fraser's Wholesale Stationery

I. Physical Condition

Fraser's Wholesale Stationery is located in a large, well-kept building about 30 years old. Three-quarters of the building is warehouse space; the remaining one-quarter contains offices and a customer service area with counter and chairs.

Fraser's owns a delivery truck about five years old; it's in good condition. There is a small parking lot with space for the truck and employees' cars. The firm also owns a small forklift for use in the warehouse.

Rent on the building is $500 a month; there are five years remaining on a ten-year lease.

II. Neighborhood Characteristics

(See attached maps for bus routes and crime rates.)

The site on which Fraser's is located is zoned for wholesale business, and no change is planned.

There are no restrictions as to size or location of signs on buildings in the area.

An urban renewal project is being considered for Main Street between Smith Street and the freeway. If approved, the buildings on the south side of Main Street in those blocks would be demolished and a new project built in their place.

The stores on Main Street between Smith Street and the freeway all look very run down. West of Smith Street, the appearance of the stores improves dramatically.

III. Owner's Analysis and Plans

Mr. Fraser, the owner, tells you:

He started Fraser's twenty years ago and has operated it ever since. He is satisfied with the business it has done, although he says it hasn't lived up to his expectations the last few years.

He is selling because he has an offer from a friend who wants to go into another business with him.

His asking price of $50,000 includes the value of the firm's assets, plus $5,000 for goodwill.

He plans to pay all of the current and long-term liabilities of the business; none of them would be transferred to the buyer.

IV. Product and Service Line

A. Industry-wide

Wholesale stationery companies sell both to retail stationery stores and to general businesses. They provide a complete line of personal and business stationery and office supplies to general businesses. Some wholesalers concentrate on retail stationers, others on general business, while others sell equally to both. Small wholesalers work most with small retail stationers and small business concerns.

B. Fraser's

Mr. Fraser tells you:

He sells to both retail stationery stores and general businesses. "I don't care who buys from me, as long as they can pay for what they buy." He isn't sure what percentage of his business comes from each source. "What difference does it make?" he asks.

He prides himself on offering a quality line of products. "Some wholesalers just buy whatever is cheapest at the moment and sell that to their customers. Not me. When I find a quality product, I stick with it. My customers know they can depend on the stuff they buy from me.

V. Sales Policies

A. Industry-wide

Wholesale stationers generally offer delivery service, either free or for a small charge. Some specialize in rapid delivery.

Wholesale stationers usually extend 30 days' credit to customers, often with a discount for early payment. Quarterly discounts are also frequently offered.

B. Fraser's

Fraser's offers free delivery service, with no particular emphasis on speed.

Fraser's extends credit to customers for 30 days, with no discount for early payment and no quantity discounts. "But, if customers don't pay after 30 days, I don't bother them too much. I figure if they've got the money, they'll pay up eventually, and if they don't, they won't. I don't offer quantity discounts because none of my customers buy that much."

VI. Advertising

A. Industry-wide

Most wholesale stationers spend about 1% of their gross annual sales on advertising and promotion.

B. Fraser's

Mr. Fraser says he doesn't advertise at all because "wholesalers don't have to advertise. We're not trying to sell to the general public." He feels sending out promotional materials is "a waste of time, money and paper. People just throw them away anyway."

VII. Legal Organization

A. Industry-wide

Wholesale stationers may be operated as single proprietorships, partnerships, or corporations. Single proprietorships and partnerships are easier and cheaper to start and require less legal advice. However, proprietors or partners are personally responsible for all debts of the business, and loan payments owed by the business must be paid before the owners are paid a salary. Corporations are more expensive to start and require more legal advice; however, owners are not personally responsible for the company's debts and can pay themselves a salary even if the business is not able to meet all of its loan payments.

B. Fraser's

Fraser's Wholesale Stationery is currently operated as a single proprietorship.

VIII. Insurance

A. Industry-wide

Most wholesale stationers carry fire, liability, and automobile insurance. (Fire insurance usually also includes insurance against other physical risks to the business.) In addition, crime insurance, glass insurance, group life and health insurance may be purchased. Glass insurance is usually almost as expensive as the cost of replacing the glass.

B. Fraser's

The insurance agent tells you that:

Fraser's current fire, liability, crime, and automobile insurance expire next week.

It would cost you $1,000 per year to continue the current coverage--$400 for fire, $200 for liability, $200 for crime, and $200 for automobile.

Group health insurance coverage is available to businesses with three or more employees (including owner-manager) at a cost of about 5% of the payroll. Group life insurance is available for about 3% of the payroll.

IX. Personnel

A. Industry-wide

Wholesale stationery companies should do at least $25,000 yearly net sales for each full-time employee ($12,500 for each part-time employee), including owners.

B. Fraser's

Mr. Fraser currently has six full-time employees: a secretary, a salesperson, three warehouse workers, and one driver who also helps to pack up orders.

X. Financial Records (Attached)

FRASER'S WHOLESALE STATIONERY

Yearly Profit-and-Loss Statements for the Last Three Years

	Year 1	Year 2	Year 3*
Net Sales	$190,000	$192,000	$193,000
Cost of Sales	129,200	130,600	131,200
Gross Margin	60,800	61,400	61,800
Percentage	32%	32%	32%
EXPENSES:			
Owner's Salary	6,000	6,000	6,000
Employees' Wages	36,000	36,000	36,000
Delivery	1,500	1,500	1,500
Rent	6,000	6,000	6,000
Advertising	- - -	- - -	- - -
Taxes & Licenses	2,000	2,000	2,000
Depreciation: Fixtures & Equipment	1,150	1,150	1,150
Telephone	300	300	300
Insurance	1,000	1,000	1,000
Legal & Accounting Fees	1,000	1,000	1,000
Utilities	1,000	1,000	1,000
Bad Debts	2,000	2,500	2,200
Supplies	500	500	500
Interest	200	200	200
TOTAL EXPENSES	$ 58,650	$ 59,150	$ 58,850
NET PROFIT	$ 2,150	$ 2,950	$ 2,950

*Year just ended.

FRASER'S WHOLESALE STATIONERY

Current Balance Sheet

Assets		Liabilities and Owner's Equity	
Current		Current	
Cash	$ 4,300	Accounts Payable	$ 1,800
Inventory	26,000	Other	1,000
Supplies	500	Subtotal	2,800
Subtotal	30,800	Long-Term	
Fixed		Equipment Loans	500
Truck	5,000	Bank Loans	4,000
Forklift	8,000	Subtotal	4,500
Furniture & Fixtures	10,000	Capital	
Less Depreciation	-8,000	Owner's Investments	35,550
Subtotal	15,000	Year's Profit	2,950
		Subtotal	38,500
TOTAL ASSETS	$45,800	TOTAL LIABILITIES & OWNER'S EQUITY	$45,800

FRASER'S WHOLESALE STATIONERY

Assets Included in the Sale		Liabilities Included in the Sale
Current		None
Inventory	$26,000	
Supplies	500	
Subtotal	26,500	
Fixed		
Truck	3,000	
Forklift	5,000	
Furniture & Fixtures	7,000	
Subtotal	15,000	
TOTAL	$41,500	

BUSINESS PROFILE

Name of Business: Fred's Bakery

I. Physical Condition

Fred's Bakery is located in a 40 year-old building, which appears to have been remodeled inside within the last 15 years.

The building contains a group of three offices, an employee lounge, and the bakery itself. The equipment is mostly about ten years old, although some appears older. It all seems to be in good working order.

There is a large loading dock at the rear of the building, and a parking lot with space for the company's trucks and employees' cars.

There is a billboard on the roof of the building which is visible from both directions on Main Street.

II. Neighborhood Characteristics

(See attached maps for bus routes and crime rates.)

The site on which Fred's Bakery is located is zoned for a small manufacturing concern. No changes are contemplated in the near future.

An urban renewal project is being approved for Main Street between Smith Street abd the freeway. If approved, the buildings on the south side of Main Street in those blocks would be demolished and a new project built in their place. The bakery is not included in the urban renewal plan.

The owner of the bar and grill says a lot of the men who work in the bakery patronize his place. Several of them were laid off last year, and since then the others have worried about losing their jobs or the place closing down completely.

The stores on Main Street between Smith Street and the freeway all look very run-down. West of Smith Street, the appearance of the stores improves dramatically.

III. Owner's Analysis and Plans

The owner of Fred's Bakery, Mr. Abruzzi, tells you that:

He inherited the business from his father 10 years ago; his father had started it 30 years before that. He and his brother are now partners; he manages the office and his brother supervises the actual baking process.

He doesn't understand why people don't buy his white bread instead of the national brands; he feels it is so much better that it is well worth the 25¢ more per loaf it costs. He thinks people should be more loyal to local firms than they appear to be.

He took over the business to please his father, who has now died. Before taking over the baker, he worked as a security guard. He now thinks he would like to open a private investigation service.

His asking price of $280,000 includes the firm's assets, plus $57,500 goodwill. It does not include the furniture in Mr. Abruzzi's office, which his father brought when he started the company. He feels a sentimental attachment to it and would like to take it with him to his new enterprise.

He and his brother own the building in which the bakery is located. They would keep the building and lease it to you for $800 a month.

He plans to pay all of the bakery's current and long-term liabilities--none would be transferred to the buyer.

His brother plans to open a bakery in another state about 1500 miles away as soon as they are able to sell.

IV. Product and Service Line

A. Industry-wide

Wholesale bakeries can concentrate on various types of business. Many small bakeries specialize in unusual types of bread, rolls, or other baked goods, rather than offering standard white bread. Local or ethnic specialties may be offered, depending on the market.

Many wholesale bakeries operate a small retail store from which they sell day-old baked goods at bargain prices. Depending on the community, this can be one means of controlling for over-production.

Most wholesale bakeries have their own trucks to make deliveries to their customers.

The general trend in the business is toward fewer and larger bakeries for producing white sandwich bread and other standard bakery products; more grocery chains now have their own bakeries than was formerly the case. However, restaurants have their own bakeries than in the past.

Ten years ago, specialty breads accounted for only 5% of total sales industry-wide; today they account for nearly 25% of total sales. The number of restaurants serving specialty breads has increased 200% in the last five years.

B. Fred's

Mr. Abruzzi tells you:

He specializes in plain white bread, although he has started to make hot dog and hamburger buns the last two years. "This is a plain, basic operation," he says. "No frills for me."

The company owns five delivery trucks and provides delivery service on an every-other-day basis to grocery stores and restaurants.

He sells mainly to independent grocery stores and restaurants, with much of his business currently coming from three large, expensive restaurants downtown and a chain of specialty sandwich shops. "They like our bread because it's high quality, and I give them a good deal." Many of the grocery stores who had bought from him for years have recently closed; two large stores were bought by chains and stopped ordering his bread.

V. Sales Policies

A. Industry-wide

Most wholesale bakeries extend credit to their customers. Some allow discounts for early payment, while others offer quantity discounts. Still others allow both types of discounts.

B. Fred's

Mr. Abruzzi currently extends credit to his customers, with terms of Net 30 Days (that is, bills must be paid in full within 30 days). He also offers a quantity discount; only two of the large restaurants usually order enough to qualify for it.

VI. Advertising

A. Industry-wide

Most bakeries spend 3%-4% of their gross annual sales on advertising yearly.

B. Fred's

Mr. Abruzzi does not advertise extensively because he feels the company is well enough established that everyone already knows about it. "We're like Siegfried's," he says, "a household word."

VII. Legal Organization

A. Industry-wide

Wholesale bakeries may be operated as single proprietorships, partnerships, or corporations. Single proprietorships and partnerships are easier and cheaper to start and require less legal advice. However, proprietors or partners are personally responsible for all debts of the business, and loan payments owed by the business must be paid before the owners are paid a salary. Corporations are more expensive to start and require more legal advice; however, owners are not personally responsible for the company's debts and can pay themselves a salary even if the business is not able to meet all of its loan payments.

B. Fred's

Fred's Bakery is currently operated as a partnership, with Mr. Abruzzi and his brother as co-owners.

VIII. Insurance

A. Industry-wide

Most wholesale bakeries carry fire, liability, and automobile insurance. (Fire insurance usually also includes insurance against other physical risks to the business.) In addition, crime insurance, glass insurance, group life and health insurance may be purchased. Glass insurance is usually almost as expensive as the cost of replacing the glass.

B. Fred's

The insurance agent tells you that:

Fred's Bakery's current fire, liability, automobile, and crime insurance all expire next week.

It would cost you $4800 per year to continue Fred's present insurance coverage--$2500 for fire insurance, $200 for liability, $1500 for automobile insurance, and $600 for crime insurance.

Group health insurance coverage is available to business with three or more employees (including owner-managers) at a cost of about 5% of the payroll. Group life insurance is available for about 3% of the payroll.

IX. Personnel

A. Industry-wide

Wholesale bakeries should do at least $23,000 in yearly net sales per full-time employee ($11,500 per part-time employee), including owners.

B. Fred's

The bakery currently has 32 employees: 20 bakers, 2 packagers, 4 drivers, 2 secretaries, 1 bookkeeper, 1 inventory/supplies manager, 1 janitor, and 1 maintenance person. They had to let 3 bakers and 1 driver go last year. The bakers are unionized.

X. Equipment and Fixtures

A. Industry-wide

Standard bakery equipment can be used to produce almost any type of bread and rolls with only minor modifications, mostly in type of pans used. The cost of converting a small bakery from one type of product to another averages $1000. Cakes, pastries, and pies require more extensive changes, since different mixing machines and sometimes different ovens are required. The cost for converting a bread-only bakery to a cake, pastry, and pie bakery averages about $5000.

B. Fred's

New office furniture will cost $2000.

XI. Financial Records (Attached)

FRED'S BAKERY

Yearly Profit-and-Loss Statements for the Last Three Years

	Year 1	Year 2	Year 3*
Net Sales	$885,000	$880,000	$800,000
Cost of Sales	575,250	572,000	520,000
Gross Margin	309,750	308,000	280,000
%	35%	35%	35%
Expenses:			
Owners' Salaries	$12,000	$12,000	$12,000
Employees' Wages	216,000	216,000	192,000
Delivery	10,000	10,000	8,000
Advertising	1,250	1,250	1,250
Taxes & Licenses	10,000	10,000	10,000
Depreciation & Repairs	13,000	11,500	12,000
Telephone	2,500	2,500	2,500
Insurance	4,800	4,800	4,800
Legal & Accounting Fees	5,150	5,150	5,150
Utilities	10,250	10,250	10,250
Bad Debts	2,500	3,600	2,000
Supplies & Equipment	13,000	13,000	13,000
Interest	500	500	500
TOTAL EXPENSES	$300,950	$300,550	$273,450
NET PROFIT	$ 8,800	$ 7,450	$ 6,550

*Year just ended.

FRED'S BAKERY

Current Balance Sheet

Assets		Liabilities and Owner's Equity	
Current		Current	
Cash	$29,000	Accounts Payable	$20,000
Inventory	15,000	Other	20,000
Supplies	10,000	Subtotal	40,000
Subtotal	54,000		
Fixed		Long-Term	
Building	75,000	Bank Loans	10,000
Land	16,000	Capital	
Trucks	25,000	Owner's Investment	263,450
Fixtures & Machinery	300,000	Year's Profit	6,550
Less Depreiciation	-150,000	Subtotal	270,000
Subtotal	266,000		
TOTOL ASSETS	$320,000	TOTAL LIABILITIES AND OWNER'S EQUITY	$320,000

FRED'S BAKERY

Assets Included in the Sale		Liabilities Included in the Sale
Current		None
Inventory	$15,000	
Supplies	10,000	
Subtotal	25,000	
Fixed		
Trucks	17,500	
Fixtures & Machinery (not including Mr. Abruzzi's furniture)	180,000	
Subtotal	197,500	
TOTAL	$222,500	

BUSINESS PROFILE

Name of Business: Peterson's Restaurant

I. Physical Condition

Peterson's Restaurant is located in a building about 20 years old. It has a simple sign across the front and cafe curtains in the large front window.

There are 6 booths, which seat 4 each, along one wall, and 12 square tables which will seat four and can be arranged in various ways to accomodate larger parties. Paper placemats are used on the tables in place of tablecloths. The cashier's counter is located by the front door; it includes a small display case containing a limited selection of candy and gum.

The kitchen is located at the back of the building. It is large, fully equipped, and very clean.

The walls of the dining room are painted a neutral color. There is a small lamp on the wall over each booth and two or three large pictures hanging on the walls. There is a coat rack by the entrance. The dining room has a linoleum floor; the entire room is kept unusually clean.

Mrs. Peterson pays $400 a month rent on the building; there are five years left on a ten-year lease. The landlord will pay for structural remodeling and painting of the building.

II. Neighborhood Characteristics

(See attached maps for bus routes and crime rates.)

The site on which Peterson's Restaurant is located is zoned for retail business. No changes are contemplated in the near future. Signs projecting more than 10 inches from any side of the building are prohibited on Washington between Stevens Lane and Park Avenue.

The shops in the 4200 block of Washington all offer high quality merchandise at high prices. The department store at Washington and Center is the most expensive in town. The shops in the 4200 block of Main Street are also high quality and high-priced. The movie theater at the corner of Main and Center shows first-run movies at top prices.

III. Owner's Analysis and Plans

Mrs. Peterson, the owner of Peterson's Restaurant, tells you:

She wants to sell so she can go back to college. She quit after two years and has always wanted to finish.

O'Reilly's, the restaurant down the street, opened two years ago. She doesn't understand why they do so much business, since they offer the same things she does and she's been there longer. She doesn't feel Blackwell's, the restaurant across the street, is really a competitor. "They're a different kind of place," she says.

She's operated the restaurant for four years, but she took it over from a man who had run it for over 30 years, and she's changed it very little since then. "I figure the old reputation ought to be enough."

She feels one reason O'Reilly's has gotten some of her old customers is novelty. However, she's confident that will soon wear off and they'll start coming back to Peterson's.

Her asking price of $20,000 covers what she paid for the restaurant, plus what she put into it, plus about $3,000 for its reputation. "You don't get a 40-year tradition for nothing," she points out.

She plans to pay off all of Peterson's debts; there will be no liabilities for the buyer to assume.

IV. Product and Service Line

A. Industry-wide

A restaurant must establish a definite image by providing a particular type of food, atmosphere, or service. The location heavily influences what type of restaurant is appropriate; it must suit the tastes and needs of the residents of the neighborhood. The number of waiters or waitresses and type of service provided varies depending on the type of restaurant.

Other restaurants in the neighborhood may not be competition unless they serve the same type of food and depend upon the same clientele. A group of several restaurants in the same area may be an advantage, if they each have something different to offer.

The number of foreign restaurants and restaurants specializing in a particular kind of food has increased five times in the last ten years in the Calverton metropolitan area.

B. Peterson's

Mrs. Peterson offers a menu of simple, ordinary American food at reasonable prices. "Nothing fancy," she says. "Just regular food."

V. Sales Policies

A. Industry-wide

Many restaurants accept major credit cards: national credit card companies charge 5% of the check for their service. Credit card sales usually account for about 15-20% of a restaurant's sales.

B. Peterson's

Mrs. Peterson does not accept credit cards.

VI. Advertising

A. Industry-wide

Most restaurants spend 3-4% of their gross annual sales on advertising.

B. Peterson's

Mrs. Peterson does most of her advertising in the metropolitan newspapers.

VII. Legal Organization

A. Industry-wide

Restaurants may be operated as single proprietorships, partnerships, or corporations. Single proprietorships and partnerships are easier and cheaper to start and require less legal service. However, the business, and loan payments owed by the business must be paid before the owners are paid a salary. Corporations are more expensive to start and require more legal advice; however, owners are not personally responsible for the company's debts and can pay themselves a salary even if the business is not able to meet all of its loan payments.

B. Peterson's

Peterson's Restaurant is currently operated as a single proprietorship.

VIII. Insurance

A. Industry-wide

Most restaurants carry fire and liability insurance. (Fire insurance usually also includes insurance against other physical risks to the business.) In addition, crime insurance, glass insurance, group life and health insurance may be purchased. Glass insurance is usually almost as expensive as the cost of replacing the glass.

B. Peterson's

The insurance agent tells you that:

Peterson's current fire, liability, crime, and glass insurance all expire next week.

It would cost you $850 per year to continue Peterson's current insurance coverage--$300 for fire insurance, $200 for liability, $100 for crime, and $250 for glass.

Group health insurance is available to businesses with more than three employees (including owner-managers) for about 5% of the payroll. Group life insurance is available for about 3% of the payroll.

IX. Personnel

A. Industry-wide

Restaurants should do at least $15,000 in yearly net sales per full-time employee ($7,500 per part-time employee), including owners.

B. Peterson's

Mrs. Peterson tells you:

She currently employs one full-time cook, one part-time cook's helper, one full-time waitress, two part-time waitresses, and one full-time dishwasher. The cook had worked for two other American restaurants before coming to Peterson's; the part-time waitresses and the dishwasher are all college students.

X. Equipment and Fixtures

It costs about $75.00 per seat to remodel a restaurant. This figure includes new furniture, fixtures, signs, and kitchen equipment.

XI. Financial Records (Attached)

PETERSON'S RESTAURANT

Yearly Profit-and-Loss Statements for the Last Three Years

	Year 1	Year 2	Year 3*
Net Sales	$85,000	$82,500	$80,000
Cost of Sales	34,000	33,000	32,000
Gross Margin	51,000	49,500	48,000
Percentage	60%	60%	60%
EXPENSES:			
Owner's Salary	6,000	6,000	6,000
Employees' Wages	27,000	27,000	27,000
Rent	4,800	4,800	4,800
Advertising	1,000	1,000	1,000
Taxes & Licenses	800	800	800
Depreciation: fixtures and equipment	700	700	700
Telephone	300	300	300
Insurance	850	850	850
Legal & Accounting Fees	1,000	1,000	1,000
Utilities	1,500	1,500	1,500
Bad Debts	0	0	0
Supplies (including uniforms, menus, etc.)	4,000	3,900	3,700
Interest	150	150	150
TOTAL EXPENSES	$48,100	$48,000	$47,800
NET PROFIT	2,900	1,500	$ 200

*Year just ended.

PETERSON'S RESTAURANT

Assets Included in the Sale:		Liabilities Included in the Sale:
Current		None
Inventory	$5,000	
Supplies	500	
Subtotal	$5,500	
Fixed		
Furniture and Fixtures	$9,000	
TOTAL	$14,500	

PETERSON'S RESTAURANT

Current Balance Sheet

Assets		Liabilities and Owner's Equity	
Current		Current	
Cash	$3,000	Accounts Payable	$5,000
Inventory	5,000	Other	1,000
Supplies	500	Subtotal	$6,000
Subtotal	$8,500	Long-Term	
		Bank Loans	4,000
Fixed			
Furniture & Fixtures	$14,000	Capital	
Less Depreciation	-5,000	Owner's Investment	7,300
Subtotal	$ 9,000	Year's Profit	200
		Subtotal	$7,500
TOTAL ASSETS	$17,500	TOTAL LIABILITIES & OWNER'S EQUITY	$17,500

BUSINESS PROFILE

Name of Business: Sparkle Cleaners

I. Physical Condition

Sparkle Cleaners is located in a large building about 35 years old. The front one-fourth of the building is the customer service area. There is a long counter running across the entire store, plus three or four chairs opposite the counter for waiting customers. The back three-fourths of the building contains the cleaning plant. Some of the equipment is quite old; part of it appears new. Mrs. Engel tells you that the new equipment was bought two years ago; it is designed especially to handle recently developed fabrics. The rest of the equipment has been in the cleaning plant since she opened it 15 years ago. It is all useable, and none of it is entirely outdated, although part of the original equipment will probably need to be replaced within a few years.

There is quite a bit of empty space in the cleaning plant section of the building. The equipment is arranged haphazardly, and there is unused space at both the front and the back. There is a small enclosed office with a desk and filing cabinet at the front of the cleaning plant.

The store front is rather old-looking, with one large display window. "Sparkle Cleaners" is painted across the display window, and there are a few sun-faded signs with slogans such as "Your cleaner is your clothes' best friend." There is no sign over the sidewalk, and the building is not especially noticeable from the street.

The customer area of the store could use repainting. The floor is of old, yellowed linoleum, and the chairs for the customers are a drab green. There are a few signs on the walls advertising cleaning in a general way; they have been put up with scotch tape and are curling at the edges. The store is clean but shabby.

Mrs. Engel pays a rent of $350 per month. There are currently two years remaining on a five-year lease. The landlord will pay for repainting or structural remodeling of the store.

II. Neighborhood Characteristics

(See attached maps for bus routes and crime rates.)

The site on which Sparkle Cleaners is located is zoned for an establishment of its type, and no changes are contemplated.

There are no restrictions on the size or location of signs on buildings on Washington east of Park Avenue.

The buildings on the north side of the 3900 block of Washington are all rather new. The office buildings in that block and the same block of Adams are modern high-rise buildings. The shopping center on the south side of Washington between Smith and Gramercy is about 20 years old but in good condition. The stores on Washington east of Smith Street offer medium quality merchandise at low-to-medium prices. The stores on Washington between Center and Park offer high quality merchandise at medium-to-high prices. The clothing stores in the area are all independent stores, with the exception of the store in the middle of the 4100 block of Washington, which is part of a local chain. The stores in the same block as Sparkle are all medium quality and medium-priced.

III. Owner's Analysis and Plans

Mrs. Engel, the owner of Sparkle Cleaners, tells you that:

She has been operating Sparkle Cleaners for 15 years. Her husband is her partner in the business, but he works only part-time, relieving her as manager. He has also worked as a bus driver.

She is getting tired of running the business. She has lived in the neighborhood for 20 years, but now wants to sell her house and move into an apartment. Her husband has just retired, and they want to have more time for fishing and traveling.

Jiffy-Clean (the dry cleaner across the street) opened just over two year ago. Since then business has gone down.

Her asking price of $17,000 includes the value of the store's fixed assets and supplies, plus good will.

She plans to pay Sparkle's current and long-term liabilities herself; there will be none for the buyer to assume.

IV. Product and Service Line

A. Industry-wide

Some dry cleaners have cleaning facilities right in the building; others send clothes to a central cleaning plant. Many dry cleaners have equipment and personnel to do alterations or tailoring; often clothes needing repairs are mended and missing buttons replaced at the same time cleaning is done. Many cleaners have trucks and offer pickup and delivery service. Cleaners do not usually extend credit to customers; clothes must be paid for when they are picked up. One exception to this rule is cleaners who offer delivery service. Often such cleaners bill some of their delivery customers monthly, rather than each time clothes are delivered. This practice also eliminates the need for drivers to carry cash with them. Cleaners do not ordinarily accept credit cards.

Many cleaners offer people laundry service, either general or for shirts only. Shirt service is especially successful in the middle and upper income areas with many business persons and professionals.

The percentage of self-service dry cleaners has risen drastically in the last five years.

The percentage of dry cleaners offering alteration and tailoring service has been dropping steadily for the last 20 years; however, in the last three years, it has begun to increase again.

B. Sparkle

Mrs. Engel tells you:

She runs a plain dry cleaning shop--no repair work or alterations.

All the cleaning is done on the premises. She generally gets clothes back to customers in 4-5 days.

Her prices are higher than Jiffy-Clean's, about the same as Leonardo's.

She owns a truck and used to provide pickup and delivery service, but her driver quit two years ago and she has been unable to replace him. "Anyway, it saves money on the gas," she says.

V. Sales Policies

At the present time Mrs. Engel does not offer credit. When she offered delivery service, she used to bill certain customers monthly. "Only those I was really sure would pay their bills," she says.

VI. Advertising

A. Industry-wide

Most dry cleaners spend 3%-4% of their gross annual sales on advertising yearly.

B. Sparkle

Most of Mrs. Engel's advertising is done in the metropolitan newspapers.

VII. Legal Organization

A. Industry-wide

Dry cleaners may be operated as single proprietorships, partnerships, or corporations. Single proprietorships and partnerships are easier and cheaper to start and require less legal advice. However, proprietors or partners are personally responsible for all debts of the business, and loan payments owed by the business must be paid before the owners are paid a salary. Corporations are more expensive to start and require more legal advice; however, owners are not personally responsible for the company's debts and can pay themselves a salary even if the business is not able to meet all of its loan payments.

B. Sparkle

Sparkle Cleaners is currently operated as a partnership, with Mrs. Engel and her husband as the co-owners.

VIII. Insurance

A. Industry-wide

Most dry cleaners carry fire, liability, and automobile insurance. (Fire insurance usually also includes insurance against other physical risks to the business.) In addition, crime insurance, glass insurance, group life and health insurance may be purchased. Glass insurance is usually almost as expensive as the cost of replacing the glass.

B. Sparkle

The insurance agent tells you that:

Sparkle Cleaner's current fire, liability, and crime insurance expire next week.

It would cost you $900 per year to continue the current coverage -- $600 for fire insurance, $150 for liability insurance, and $150 for crime insurance.

Sparkle presently has no automobile insurance. To start it up again would cost $200 per year.

Group health insurance coverage is available to businesses with three or more employees (including owner-managers) at a cost of about 5% of the payroll. Group life insurance is available for about 3% of the payroll.

Glass insurance would cost $250 per year.

IX. Personnel

A. Industry-wide

Dry cleaners should do at least $18,000 in yearly net sales per full-time employee ($9,000 per part-time employee), including owners.

B. Sparkle

Current employees are two part-time cleaning equipment operators. She thinks both would stay on if the business were sold. She and her husband manage the shop, work at the counter, keep the books, and sometimes run the cleaning equipment.

X. Equipment and Fixtures

A. Industry-wide

Dry cleaning equipment has not changed significantly in the last 20 years, with the exception of some new equipment which has been developed to handle newly developed fabrics.

The cost of installing special equipment needed for alterations and tailoring is about $1,000 for most small dry cleaners. Minimum salary for full-time alterations employees is generally about $6,000; however, many cleaners do not need a full-time employee in this department.

The cost of converting part of an existing dry cleaning plant to a self-service operation is about $5,000 for most small cleaners.

The cost of installing the equipment needed for laundry service is about $7,500 for most small dry cleaners. Usually, one part-time employee is needed to run the equipment.

B. Sparkle

The cost of new furniture for the customer area of the store would be $5,000. A new sign would cost $500.

XI. Financial Records (Attached)

SPARKLE CLEANERS

Yearly Profit-and-Loss Statements for The Last Three Years

	Year 1	Year 2	Year 3*
Net Sales	$72,800	$52,600	$55,000
Cost of Sales	28,392	20,514	21,450
Gross Margin	44,408	32,086	33,550
%	61%	61%	61%
Expenses:			
Owners' Salaries	$12,000	$12,000	$12,000
Employees' Wages	12,000	6,000	6,000
Delivery	1,000	----	----
Rent	4,200	4,200	4,200
Advertising	2,000	1,500	1,500
Taxes & Licenses	900	900	900
Depreciation: Fixtures & Equipment	1,000	1,000	1,000
Telephone	300	300	300
Insurance	900	900	900
Legal & Accounting Fees	1,000	1,000	1,000
Utilities	1,500	1,500	1,500
Bad Debts	200	----	----
Supplies (not including chemicals, hangers,etc.)	1,500	1,400	1,400
Interest	100	180	180
TOTAL EXPENSES	$38,600	$30,880	$30,880
NET PROFIT	$ 5,808	$ 1,206	$ 2,670

*Year just ended.

SPARKLE CLEANERS

Current Balance Sheet

Assets		Liabilities and Owner's Equity	
Current		Current	
Cash	$2,500	Accounts Payable	$1,000
Supplies	4,000	Other	500
Subtotal	6,500	Subtotal	1,500
Fixed		Long-Term	
Truck	5,000	Equipment Loans	1,800
Furniture & Fixtures	15,000	Bank Loans	2,000
Less Depreciation	-7,000	Subtotal	3,800
Subtotal	13,000		
		Capital	
		Owner's Investment	11,530
		Year's Profit	2,670
		Subtotal	14,200
TOTAL ASSETS	$19,500	TOTAL LIABILITIES & OWNER'S EQUITY	$19,500

SPARKLE CLEANERS

Assests Included in the Sale		Liabilities Included in the Sale
Current		
Supplies	$4,000	None
Fixed		
Truck	3,000	
Furniture & Fixtures	10,000	
Subtotal	13,000	
TOTAL	$17,000	

MARKET STUDY

Name of Business: Brentwood Neighbor

I. Economic Situation

A. Metropolitan Area

Unemployment in the metropolitan area is currently below the national average. Jobs in the area are spread over a variety of private concerns and government agencies; no one industry or type of operation is dominant.

The per capita income figure for the metropolitan area is slightly above the national average.

The general business situation in the area is good; sales are up in all categories of business in the last year.

Local banks have money available for business loans. Typical loans for new businesses recently have been for a period of three years, at 10% interest per year.

The population of Calverton is about 1,000,000.

B. Brentwood

The general business situation in Brentwood is good. The turnover rate of businesses in the area is low. Most businesses have shown an increase in sales and profits in the last year. Several new businesses have opened and are doing well.

Unemployment is lower than the national average in Brentwood. There is no one major industry in the area, and residents are employed by a wide variety of firms and have a wide variety of occupations. Many people in the area have some connection with the university, either as students, faculty, or staff. Most of the business owners and their employees live in the Brentwood community.

The population of Brentwood is about 20,000.

II. Competition

There are two major daily newspapers in Calverton; each has a circulation of about 4,000 in the Brentwood community (pop. 20,000). One of them has a large "Metro" section every day, in which local news is covered, including many stories about individual communities. Because of space limitations, Brentwood is not mentioned more than about once a month.

A throwaway "shopper" is distributed free of charge over several communities on the west side of Calverton, including Homeleigh. It consists entirely of advertisements, including classified ads. Since it covers a fairly wide section of the metropolitan area, it usually includes advertisements from only a few Brentwood businesses. Their rates for classified ads are half of what the Neighbor currently charges, but the ads are not run in one special part of the paper. Instead, they are scattered throughout the paper, among the display advertisements. They are also not categorized, so it is difficult to look through them for something specific without reading every ad in the paper. The name of the paper is the West Side Shopper.

A student newspaper is published on the university campus. It is distributed free of charge to all students and anyone else who happens to pick one up on campus, since it is paid for out of student activity funds. Most Brentwood businesses advertise in the paper. It concentrates on covering campus news and events, with nothing about national or world news, but occasionally it will cover some event or news story from the community.

III. Customer Characteristics

(See attached maps for Age & Family Status, Average Income, and Type of Housing for Brentwood.)

The Neighbor's circulation is spread out over all of Brentwood, but is especially concentrated in the apartment buildings in the community. A few years ago flyers and sample copies of the paper were sent to all apartment residents in the area; this resulted in a number of new subscriptions.

You ask customers in the supermarket in the 4400 block of Main Street about the Neighbor. Most have seen it; about 1/3 say they subscribe. One woman comments that it is very hard to get club or personal news into the paper. There are many favorable comments on the coverage given to local news and issues. Several people say that they don't think national news should be treated at all, since they can get that from the metropolitan papers, TV, and radio.

You ask residents in the lobby of one of the high rises on Center Street about the Neighbor. Over half of them say they subscribe, and almost all have seen it. Several mention the sample copy that was sent to them. Several older women mention that they would like to see more organizational and personal news. Most of the comments are favorable.

You ask customers in the supermarket at Park Avenue and Pine about the Neighbor. The majority have seen it, and over 1/4 say they subscribe. Several people say they think it is too impersonal and not interested enough in the people in the community.

MARKET STUDY

Name of Business: Flora's Flowers

I. Economic Situation

A. Metropolitan Area

Unemployment in the metropolitan area is currently below the national average. Jobs in the area are spread out over a variety of private concerns and government agencies; no one industry or type of operation is dominant.

The per capita income figure for the metropolitan area is slightly above the national average.

The general business situation in the area is good; sales are up in all categories of business in the last year.

Local banks have money available for business loans. Typical loans for new businesses recently have been for a period of three years, at 10% interest per year.

The population of Calverton is about 1,000,000.

B. Brentwood

The general business situation in Brentwood is good. The turnover rate of businesses in the area is low. Most businesses have shown an increase in sales and profits in the last year. Several new businesses have opened and are doing well.

Unemployment is lower than the national average in Brentwood. There is no new major industry in the area, and residents are employed by a wide variety of firms and have a wide variety of occupations. Many people in the area have some connection with the university, either as students, faculty, or staff. Most of the business owners and their employees live in the Brentwood community.

The population of Brentwood is about 20,000.

II. Competition

There is one other florist in Brentwood located in the 200 block North Park Avenue. It is a small store, selling mostly cut flowers and small plants. It seems busiest during the noon hour and between 5:00 and 6:00 p.m. While you are visiting the store one afternoon, an order is phoned in from a company in one of the nearby office buildings. The owner tells you that a number of businesses have accounts with him.

The supermarket in the 4400 block of Main Street sells cut flowers and small potted plants at very low prices. The flowers are generally of medium quality, but they are kept in a refrigerated case and are always very fresh. The store also stocks a selection of plant food, potting soil, small plastic flower pots, and terrarium supplies.

The hardware store in the 4400 block of Main Street sells clay and plastic flower pots, plant food, terrarium supplies, and potting soil in its house and garden supplies section.

The Scandinavian imports shop across the street sells a number of rather expensive and unusual vases, as well as small but expensive gift items.

The nearest large florist specializing in floral arrangements is about two miles away to the east on Main Street.

III. Customer Characteristics

(See maps for Age & Family Status, Income, Type of Housing.)

The owner of the women's clothing store next door says that she used to buy cut flowers for her shop from Mr. Flora, but now she gets them at the grocery store across the street. According to her, they're just as fresh there and much cheaper.

The congregation of the church across the street is predominantly wealthy, and the church is often the scene of large, elaborate weddings and funerals. Flowers are also frequently used to decorate the chapel. One Saturday afternoon you see a florist's delivery truck arrive and leave two large flower arrangements by the front door when the deliveryman can find no one to accept them. When someone finally arrives to take them in two hours later, they have become wilted in the sun.

MARKET STUDY

Name of Business: Fraser's Wholesale Stationery

I. Economic Situation

A. Metropolitan Area

Unemployment in the metropolitan area is currently below the national average. Jobs in the area are spread out over a variety of private concerns and government agencies; no one industry or type of operation is dominant.

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The general business situation in the area is good; sales are up in all categories of business in the last year.

Local banks have money available for business loans. Typical loans for new businesses recently have been for a period of three years, at 10% interest per year.

The population of Calverton is about 1,000,000.

B. Brentwood

The general business situation in Brentwood is good. The turnover rate of businesses in the area is low. Most businesses have shown an increase in sales and profits in the last year. Several new businesses have opened and are doing well.

Unemployment is lower than the national average in Brentwood. There is no one major industry in the area, and residents are employed by a wide variety of firms and have a wide variety of occupations. Many people in the area have some connection with the university, either as students, faculty, or staff. Most of the business owners and their employees live in the Brentwood community.

The population of Brentwood is about 20,000.

II. Competition

There are no other wholesale stationery companies in Brentwood or anywhere else on the west side of Calverton. There are three other small wholesale stationers and two large wholesale stationers in other parts of Calverton.

One of the small wholesale stationers, Midtown Stationery,is located downtown, about five miles away. It does most of its business with small stationery stores and businesses in the downtown area. It offers free delivery to downtown customers within a two-mile radius of its location, but adds a delivery charge to orders from farther away. It offers a fairly complete line of office supplies, a somewhat less complete selection of retail stationery store needs.

The other two small stationery wholesalers are located on the east side of Calverton, about 10-15 miles away. One of them, Eastside Stationery, offers free city-wide delivery. They specialize in serving small retail stationery stores, although they also sell office supplies to some small businesses and offices.

The other small wholesaler on the east side of town is Regal Stationery. They concentrate their trade on the east side of town and sell to both retail stationery stores and other businesses in about equal proportion. They deliver free of charge.

The two large wholesale stationers are Calverton Stationery and Simpson Brothers Stationery. Both are located on the outskirts of the downtown business district. Calverton Stationery sells mainly to large business concerns throughout the city; they concentrate on getting accounts from large corporations. Simpson Brothers support a chain of retail stationery stores; they are also Calverton Stationery's main competitor for accounts from large businesses. Both Calverton and Simpson Brothers offer substantial quantity discounts and free delivery.

III. Customer Characteristcs

(See maps for Age & Family Status, Income, Type of Housing.)

Every business in the Brentwood area buys office supplies in some quantity. At present, most of the businesses in the area buy their office supplies from retail stationery stores or the five and dime. About 1/10 of the businesses in Brentwood now buy office supplies from a wholesaler, over half of these from Fraser's.

You visit several Brentwood businesses that currently buy from Fraser's. All say they are satisfied with the service and quality of goods they receive. The reasons most frequently given when customers are asked why they buy from Fraser's instead of a retail stationer are lower prices and delivery service. When asked why they use Fraser's instead of a large wholesaler, reasons mentioned were faster delivery service, more personal attention, interest in trading with community businesses, more consistent quality, willingness to sell in smaller quantity.

There is one retail stationery and office supply store in Brentwood, located on the corner of Adams and Center. The manager of the store tells you that he currently is supplied by Eastside Stationery. He is satisfied with their prices and quality of goods, but not with the speed of delivery. He says it often takes as long as five days to receive an order. He says he has never had any contact with Fraser's: "I always thought they were just an office supply company--I didn't know they worked with retailers."

Of the retail stationery stores on the west side of town, about half are supplied by Eastside, a few by Midtown, and the rest by Calverton and Simpson Brothers.

MARKET STUDY

Name of Business: Fred's Bakery

I. Economic Situation

A. Metropolitan Area

Unemployment in the metropolitan area is currently below the national average. Jobs in the area are spread out over a variety of private concerns and government agencies; no one industry or type of operation is dominant.

The per capita income figure for the metropolitan area is slightly above the national average.

The general business situation in the area is good; sales are up in all categories of business in the last year.

Local banks have money available for business loans. Typical loans for new businesses recently have been for a period of three years, at 10% interest per year.

The population of Calverton is about 1,000,000.

B. Brentwood

The general business situation in Brentwood is good. The turnover rate of businesses in the area is low. Most businesses have shown an increase in sales and profits in the last year. Several new businesses have opened and are doing well.

Unemployment is lower than the national average in Brentwood. There is no one major industry in the area, and residents are employed by a wide variety of firms and have a wide variety of occupations. Many people in the area have some connection with the university, either as students, faculty, or staff. Most of the business owners and their employees live in the Brentwood community.

The population of Brentwood is about 20,000.

II. Competition

There are no other wholesale bakeries in the Brentwood area. The closest one is about two miles away in an industrial section of town.

In the metropolitan area, there are one nationally-advertised bakery, three regionally-advertised bakeries, and five local bakeries, in addition to Fred's.

The nationally-advertised bakery and the three regionally-advertised bakeries produce white sandwich bread, hamburger and hot dog buns, and snack cakes of various sorts. The prices of the nationally-advertised bakery are the highest of the four, but all four are within a medium price range. Most stores in the area carry the nationally-advertised brand and one or two of the regional brands. The national brand is advertised extensively on television and in national magazines, as well as on billboards and in the food section of local newspapers. The regional brands advertise on the radio, on billboards, and in the local newspapers. All four of these bakeries have signs and standardized display materials which they provide to stores selling their products.

The five local bakeries are:

1. Siegfried's. Produces pumpernickel bread only. They have been in business 75 years and are famous for their pumpernickel bread. They sell mainly to independent grocery stores and restaurants, although two of the area's major chains also carry Siegfried's pumpernickel. They provide signs for the stores which say "Yes, we have it. Siegfried's." They advertise only in local newspapers. Their name is a household word to local residents, especially natives of the area.

2. Clark's. Produces low cost, fairly low quality white bread only. Their bread is sold in many area stores, especially those emphasizing low prices. One local chain buys their bread and sells it under a store brand name. They do almost no advertising.

3. Best Bake. Produces low cost, low quality white bread, hot dog and hamburger buns. They sell mainly to neighborhood stores and do some advertising in local newspapers. There has recently been a rumor that they are about to be bought out by one of the regional bakeries.

4. Grandma Jane's. Makes cakes, pies, and snack cakes of medium quality at slightly lower prices than the national and regional brands. Their products are sold in perhaps half of the local stores. They advertise on radio and in the newspapers, but also have a few billboards.

5. White Cloud. Produces medium quality, medium cost white bread, hot dog and hamburger buns, and submarine sandwich rolls. The sandwich rolls are sold mainly to restaurants, while the rest of the products are sold to independent stores. They do limited advertising in local newspapers and on billboards.

In addition to the wholesale bakeries, there is one retail bakery chain in the area. They specialize in cakes, cookies, and breakfast pastry, but also produce high quality, high priced white bread and a few other specialty breads. They advertise mostly in local newspapers, running a weekly special advertised on the food pages.

Two local grocery chains have their own bakeries. They produce medium quality, low priced white bread, hamburger and hot dog buns, rolls, pastries, cakes, cookies, pies, and some rye, Italian, and French bread. Their products are advertised in the chains' weekly newspaper advertisements.

The national bakery, plus Clark's and White Cloud all operate "thrift shops" where they sell day-old baked goods at low prices.

III. Customer Characteristics

(See attached maps for Age & Family Status, Average Income, and Type of Housing for Brentwood.)

The manager of one of the expensive downtown restaurants tells you that his firm has bought from Fred's for over 20 years. "We purchase Fred's bread because we feel it is a superior product. We are entirely satisfied with it." They used to bake their own rolls, but now get them from a retail bakery chain.

The manager of the second downtown restaurant agrees that Fred's products are of high quality and feels that they accurately reflect his establishment's image. They also offer Siegfried's pumpernickel and a light rye bread which they bring in from a town 60 miles away. "We would like to serve hard rolls, but have been unable to find any locally which meet our standards," he tells you.

The manager of the third downtown restaurant is also pleased with Fred's bread, but says, "More and more of our customers seem to expect unusual breads. We certainly need white sandwich bread for sandwiches, but we also need unusual rolls, muffins, and Italian or French bread. We make our own muffins and buy most of the rest from a retail bakery, but sometimes they are not able to meet our needs."

You visit two small stores which sell Fred's bread. Both are neighborhood stores, and both offer at least two other brands of white bread, either nationally or regionally advertised. You notice that there are no store signs or display materials provided for Fred's Bread, while certain customers who always buy Fred's Bread; one says, "Mostly old ladies who have been buying it for years." Neither of these stores sells any specialty breads.

You visit a medium-sized independent store in a high income neighborhood which is one of Fred's oldest and best customers. The store carries four other brands of bread--the nationally advertised brand, two regional brands, and White Cloud. The store manager tells you that he sells about 25% nationally advertised brand and 25% Fred's, while the remaining 50% of his bread sales is divided among the other three brands. The store also carries Siegfried's and rye, French, and Italian bread from a bakery in a town 60 miles away. The manager says the bread from the out-of-town bakery is often stale, but they only deliver twice a week and he has no other source for these breads.

The owner of the sandwich shop chain says he likes Fred's. "I only wish the rye bread I buy were that good," he says, "but it comes from out of town, so I guess I shouldn't really complain." You notice a stack of packages of White Cloud submarine sandwich rolls in the kitchen of one of his shops.

MARKET STUDY

Name of Business: Peterson's Restaurant

I. Economic Situation

A. Metropolitan Area

Unemployment in the metropolitan area is currently below the national average. Jobs in the area are spread out over a variety of private concerns and government agencies; no one industry or type of operation is dominant.

The per capita income figure for the metropolitan area is slightly above the national average.

The general business situation in the area is good; sales are up in all categories of business in the last year.

Local banks have money available for business loans. Typical loans for new businesses recently have been for a period of three years, at 10% interest per year.

The population of Calverton is about 1,000,000.

B. Brentwood

The general business situation in Brentwoodis good. The turnover rate of businesses in the area is low. Most businesses have shown an increase in sales and profits in the last year. Several new businesses have opened and are doing well.

Unemployment is lower than the national average in Brentwood. There is no one major industry in the area, and residents are employed by a wide variety of firms and have a wide variety of occupations. Many people in the area have some connection with the university, either as students, faculty, or staff. Most of the business owners and their employees live in the Homeleigh community.

The population of Brentwood is about 20,000.

II. Competition

There are two other restaurants on Washington Street near Peterson's--O'Reilly's in the 4100 block, and Blackwell's across the street in a high rise apartment building.

Both O'Reilly's and Blackwell's serve ordinary American food in a family atmosphere. Blackwell's has a more varied menu and offers "All-you-can-eat" specials on chicken, shrimp, and fish three days of the week.

You notice that O'Reilly's is full of customers during the lunch hour and on Sunday afternoons. It also does a fairly brisk business on Friday and Saturday nights. The rest of the week it does not seem busy. O'Reilly's advertises home-made cakes and pies for dessert.

Blackwell's is less busy at lunch than O'Reilly's but has many more customers on weekday evenings, especially Tuesday, Wednesday, and Thursday, when the "All-you-can-eat" specials are in effect. Weekends are also busy for them. Blackwell's offers a special discount plan to residents of the building in which it is located. They have a separate room for private parties, which they advertise with a small sign in the lobby of the restaurant and in the Yellow Pages.

O'Reilly's is located in an old building which has been freshly repainted. The decor is homey and cheerful with yellow walls, green and white checked tablecloths, and fresh daisies on each table. There is also a carry-out counter for sandwiches and soups, which is especially busy at lunchtime. O'Reilly's menu offers a selection of hot and cold sandwiches, a few simple main dishes, a different homemade soup each day, and homemade desserts. You eat there and find the food simple but very good and the service the same.

Blackwell's takes up half of the first floor of the apartment building. Its furnishings are modern, in red and black. The menu is more varied than O'Reilly's and slightly more expensive. It features the usual sandwiches, shrimp, fish, chicken, veal cutlets, several kinds of steak, porkchops, roast beef, and turkey. All may be ordered alone or as a dinner with soup, salad, potato, a vegetable, and dessert. Desserts include commercial bakery products and ice cream. You eat there and find the food well-prepared and the service satisfactory.

Both restaurants attract businessmen during the day and families in the evenings and on weekends. A number of single people who live in the high rise seem to eat at Blackwell's regularly.

O'Reilly's does not accept credit cards; Blackwell's accepts most major credit cards.

III. Customer Characteristics

(See attached maps for Age and Family Status, Income, Type of Housing)

The owner of the clothing boutique next door says that she thinks business at Peterson's has been down ever since O'Reilly's Restaurant opened down the street. She eats lunch at O'Reilly's herself sometimes and thinks it is a more interesting restaurant than Peterson's. She takes business contacts to lunch at Blackwell's, the restaurant in the high rise across the street, because the atmosphere is nicer. "I'm a good friend of Clara Peterson's, so of course I eat there pretty often, too," she adds. "I know she's been concerned about business in the last couple of years, but she's always thought her old customers would get tired of O'Reilly's and come back."

The manager of the women's clothing store two doors up the street says he doesn't think the neighborhood needs three restaurants. He eats lunch at the fast food places on Center and Main because he says he doesn't have time for a sit-down lunch.

The shoe store manager has only been working there for three months. He doesn't know Mrs. Peterson and says he has never been in her restaurant because it looks too drab. He lives in another part of town and usually brings his lunch from home, so he doesn't eat out in the area much.

MARKET STUDY

Name of Business: Sparkle Cleaners

I. Economic Situation

A. Metropolitan Area

Unemployment in the metropolitan area is currently below the national average. Jobs in the area are spread out over a variety of private concerns and government agencies; no one industry or type of operation is dominant.

The per capita income figure for the metropolitan area is slightly above the national average.

The general business situation in the area is good; sales are up in all categories of business in the last year.

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The population of Brentwood is about 20,000.

Unemployment is lower than the national average in Brentwood. There is no one major industry in the area, and residents are employed by a wide variety of firms and have a wide variety of occupations. Many people in the area have some connection with the university, either as students, faculty, or staff. Most of the business owners and their employees live in the Brentwood community.

II. Competition

There are three other dry cleaners in the Brentwood area. One is located in the 4400 block of Main Street, one in the 4100 block of Main Street, and one right across the street in the 3900 block of Washington.

The dry cleaner across the street from Sparkle Cleaners, Jiffy-Clean, is an outlet for a dry cleaning chain. Clothes are collected there and sent to a central cleaning plant. They do not offer any laundry service.

Jiffy-Clean is located in a small, very modern, clean building with a large, attractive sign. The storefront is a standardized one used by all of the chain's outlets.

When you visit Jiffy-Clean there are several customers in the store. The clerks are all young and do not seem especially interested in the customers. One woman is asking a clerk if a torn pocket can be repaired in the coat she has brought in for cleaning. The clerk replies that they do not do repair work. The woman sighs and gives her the coat anyway. Another customer shows a clerk a stain on a jacket and asks if it can be removed. The clerk says he doesn't know but makes a note of the stain on the cleaning ticket.

You take a pair of slacks to Jiffy-Clean to find out about their service first-hand. The clerk tells you they will be ready in five days, "But maybe not for a week." The price she quotes is quite low. You point out a spot on the slacks and ask that it be given special attention. She makes a note of it, but when you pick up the slacks, the stain is still there. (It is a grease spot that you know can be removed with the proper techniques.)

You notice that many workers from the office buildings in the area seem to take their cleaning to Jiffy-Clean during the noon hour and after work.

L-B Cleaners, in the 4400 block of Main Street, is a partially self-service cleaner; clothes are cleaned in coin-operated machines which are run by an attendant. Clothes are not pressed, and charges are made by the pound, rather than by the item. Half of the shop is taken up by a laundromat operation.

When you visit L-B Cleaners, there are about five customers in the store. Three are using the laundromat, one is giving the clerk a bundle of dry cleaning, and one is picking up a bundle of cleaning. All of the coin-operated machines are running, and a bundle of clothes is waiting on a table to be cleaned. All of the customers are young; some appear to be single, while others are young parents with small children.

L-B Cleaners advertises in each issue of the college newspaper, featuring their low prices and 2-hour service.

Leonardo's Cleaner's, in the 4100 block of Main Street, have a cleaning plant on the premises. Their prices are about 25% higher than Jiffy-Clean's, and they return clothes in about 5 days. They do not deliver.

When you visit Leonardo's about 5:00 one afternoon, the store is half-full of customers, mostly middle-aged and older, some rather shabby-looking. You notice several people get off the bus at the corner and come into the shop. The clerks are friendly and seem to know many of the customers by name.

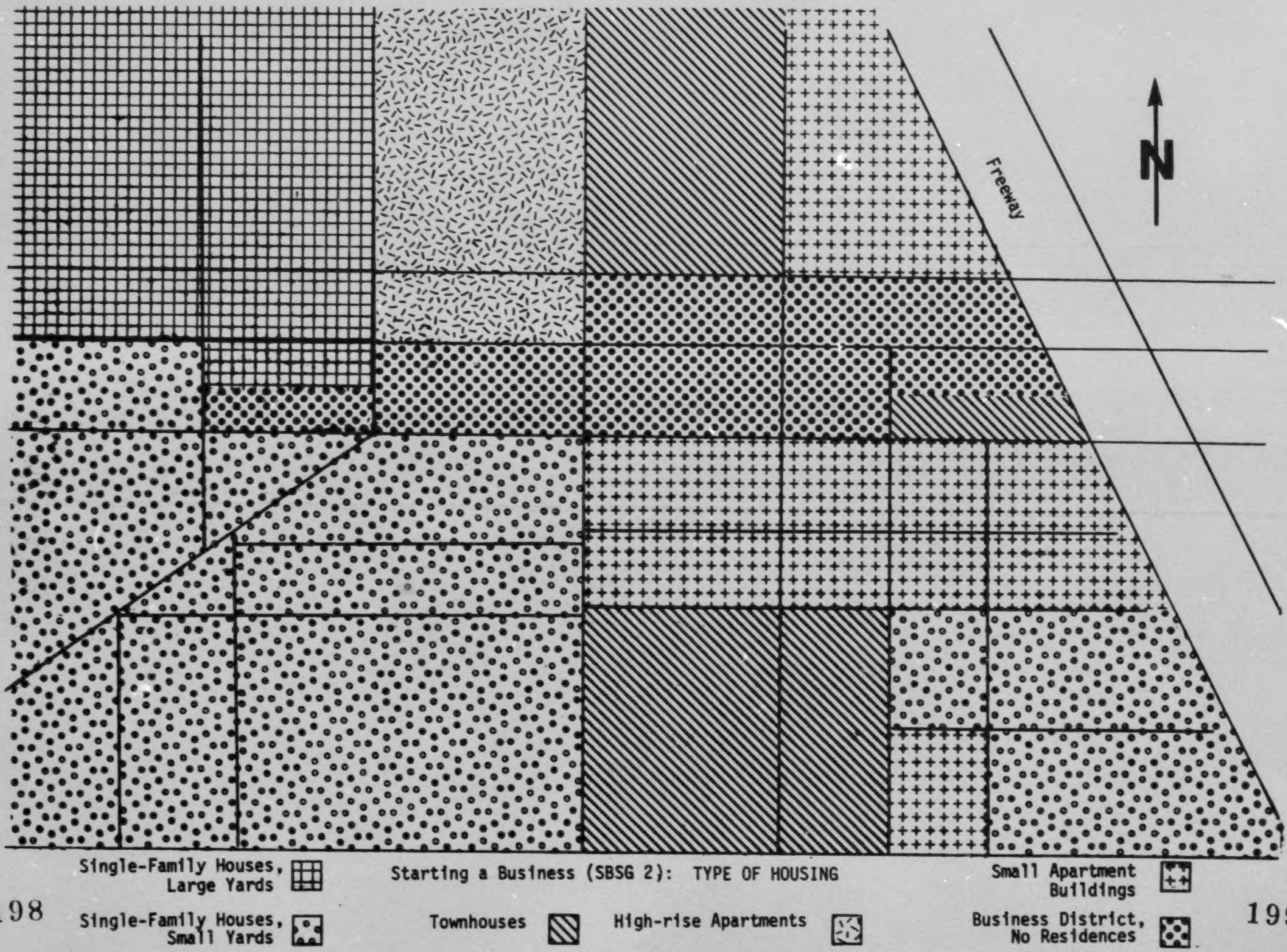
The proprieter of Leonardo's is friendly. He tells you he has been in business 20 years, and some of his customers have been coming in ever since he opened. He gets most of his business from the neighborhood south of Main Street and east of Center. "I don't get much business from students, though. They all go to Jiffy-Clean or L-B."

III. Customer Characteristics

(See attached maps for Age & Family Status, Income, Type of Housing)

The clothing store owner next door says he takes his business to Sparkle Cleaners because the work is done right there and there's less chance of items getting lost. He feels that's especially important when it's an item from his store that has gotten soiled. He's been thinking about changing to Jiffy-Clean, though, because their prices are lower and Sparkle Cleaners takes just about as long to get things done. "What I really wish is that one of them would do alterations. I don't have a tailor, and we have to send all of our alterations work downtown. It would be nice to have a place nearby."

The jeweler two doors down the street personally patronizes Jiffy-Clean because their prices are lower than Sparkle Cleaners. He changed over when they opened, but is thinking of changing back because he is not entirely satisfied with their service. He feels it's too impersonal and says they don't get some things entirely clean.


Freeway
N
Single-Family Houses, Large Yards ▦
Single-Family Houses, Small Yards ⁘
Townhouses ▧
High-rise Apartments ░
Small Apartment Buildings ✚
Business District, No Residences ▩

Starting a Business (SBSG 2): TYPE OF HOUSING

ADVERTISING INFORMATION SHEET

Newspaper (One unit = one 3" x 4" advertisement FOR 1 DAY.)

1. The two metropolitan newspapers each have a circulation of 300,000 drawn from a distance of up to 60 miles away. A 3" x 4" ad costs $120.00. Full page (20 units) costs $2400.00.
2. A weekly community newspaper, the Brentwood *Neighbor*, is published in Brentwood, concentrating on community news and issues. Its circulation is 5,000 drawn from the Brentwood area. A 3" x 4" ad costs $20.00. A full page ad (10 units) costs $200.00.
3. The university publishes a bi-weekly student newspaper with a circulation of 1,000. A 3" x 4" ad costs $10.00. A full page ad (10 units) costs $100.00.

Radio (One unit = one 30-second spot.)

1. A local 50,000 watt network station aimed at the general adult market charges $50.00 per 30-second spot. It has a broadcast area of up to 600 miles in radius at night, about 100 miles during the day.
2. A station covering only the metropolitan area (population 1,000,000) and aiming at the teenage market charges $25.00 per 30-second spot.
3. An "easy-listening" station with a broadcast area covering most of the city, including Brentwood, charges $15.00 per 30-second spot.

Television (One unit = one 30-second spot.)

1. A local UHF station covering most of the city, including Brentwood, charges $40.00 per 30-second spot.
2. The network-affiliated stations in town charge $100 per 30-second spot.

Billboards (One unit = 1 billboard for 1 quarter.)

Billboards from a local outdoor advertising company rent for $750 per quarter.

Flyers/Direct Mail (One unit = 1000 flyers.)

The Brentwood *Neighbor* operates a printshop. They can produce 1000 flyers for $20.00

Specialties (One unit = 1000 pencils *or* 1000 matchbooks *or* 200 pens.)

For $10.00, a local specialty advertising company will provide 1000 pencils imprinted with your name, 200 pens, or 1000 matches.

Co-operative Ads

Two or more businesses advertise together using one of the above media, sharing the cost.

SUPPLIER INFORMATION SHEET

Name of Business: Brentwood Neighbor

There are two local general newspaper suppliers which supply all types of printing supplies (except paper) and equipment.

1. Central Newspaper Suppliers offers discounts for early payment of bills, as well as quantity discounts. Deliveries usually come within three days of order.

2. Calverton Printers' Supply offers quantity discounts, but no discounts for early payment. Their prices are about the same as Central's, not counting the effect of discount. Deliveries usually take a week from time of order. They are currently supplying the Neighbor. The quality of their merchandise is lower than the quality of Central's.

There are three local paper suppliers. The Neighbor needs newsprint, plus a variety of papers for printing jobs.

1. A-1 Paper Products Company sells newsprint but not the types of paper you need for commercial printing jobs. Their newsprint prices are the lowest around. Delivery takes anywhere from 3-10 days from time of order. They do not offer any discounts. General quality is low.

2. Greenwood's Paper Supply offers a wide variety of papers--everything from newsprint to the finest quality parchment. The general quality of their goods is high; so are their prices. They offer quantity discounts. Delivery takes 2-3 days.

3. Esquire Paper Company sells most types of paper used by the Neighbor. Their prices are somewhat lower than Greenwood's; quality tends to be in the medium range, although they do sell some high quality specialty papers. Their newsprint price is between A-1 and Greenwood's. They offer quantity discounts and discounts for early payment of bills. Delivery takes about 4 days.

SUPPLIER INFORMATION SHEET

Name of Business: Flora's Flowers

There are three wholesale florists in the area:

1. McCoy's Wholesale Florist offers an assortment of all types of flowers, plants, florist supplies, and gift items. They offer terms of net/30, 2/10. (All accounts payable within 30 days, with a 2% discount for accounts paid within 10 days.) Free delivery, daily for flowers, weekly for other items.

2. Quincy's Wholesale Florist offers the same complete assortment as McCoy's. They offer terms of Net 30 days with no discount for early payment. They do offer quantity discounts on cut flowers and on seasonal plants, however. Their basic prices are slightly lower than McCoy's, not counting the effects of discounts. Free daily delivery for all items. Quality lower than McCoy's.

3. Heinemann's Florist Wholesalers offers all items the other two do except gift items. They offer terms of Net 30 days with no quantity discounts or discounts for early payment. The quality of their potted plants is higher than the other two, but their prices are slightly higher. Delivery on order.

There are also two greenhouses on the outskirts of the city.

1. Patman's Greenhouse offers a wide selection of potted plants and cut flowers at lower prices than the wholesale florists. Generous quantity discounts; Flora's current orders would put them at the 10% level. Free delivery three times a week for regular and special orders. Quality higher than wholesale florists.

2. Green Hill Rose Growers specialize in roses but also handle other cut flowers and some plants. They offer quantity discounts on roses--15% on Flora's current ordering level. Free delivery on order. Their basic prices are lower than Patman's on roses, about the same on other flowers and plants. Quality higher than wholesale florists.

SUPPLIER INFORMATION SHEET

Name of Business: Fraser's Wholesale Stationery

Some large wholesalers will sell to smaller wholesalers; all of the items stocked by Fraser's can be obtained this way. There are two large wholesalers in the area that will sell to small wholesalers:

1. Calverton Wholesale Stationery will sell to smaller wholesalers, at the same price they charge to retail outlets and with the same quantity discounts. They will sell some things in smaller quantities than manufacturers will. An order can take up to two weeks to be delivered. General quality is slightly higher than Statewide.

2. Statewide Wholesale Stationers specialize in supplying smaller wholesalers. They are located in a city some 60 miles from calverton. Their prices are higher than the manufacturers', but lower than Calverton's, even when the cost of delivery is added. They offer quantity and early payment discounts. They will sell in smaller quantities than the manufacturer on most items. Delivery usually takes three days.

Paper products can be purchased from paper supply companies at prices above those charged by paper producers, but below those charged by wholesale stationers. There are several paper supply companies in the area; the two listed here are typical.

1. Greenwood's Paper Supply offers a wide variety of papers. The general quality of their goods is high; so are their prices. They offer quantity discounts. Delivery takes 2-3 days.

2. Esquire Paper Company sells almost as wide a variety as Greenwood's, including almost all the types of paper you would normally handle. Their prices are somewhat lower than Greenwood's; quality tends to be in the medium range, although they do sell some high quality specialty papers. They offer quantity discounts and discounts for early payment of bills. Delivery takes about 4 days.

All the items you stock may be ordered directly from the manufacturer. Prices are lower, without exception, even taking into account the cost of shipping. Depending upon the distance to the manufacturer's plant from Calverton, delivery may take up to two weeks. Most manufacturers offer quantity discounts; some also require orders to be of a certain minimum size. Quality is generally higher than when ordering through a large wholesaler.

SUPPLIER INFORMATION SHEET

Name of Business: Fred's Bakery

There are three main local suppliers of general bakery supplies. All of these companies provide flour, yeast, and all other basic ingredients.

1. Green's Bakery Supplies. Green's has been supplying Fred's for 25 years. They sell on terms of Net 30 days with no discount for early payment. (That is, accounts must be paid in full within 30 days.) They offer varying quantity discounts. The quantities Fred's has been buying have entitled them to a 5% discount; however, if orders were made every two weeks instead of weekly they would be eligible for a 10% discount, because the quantities ordered would double. They offer deliveries at whatever intervals are desired. They also provide emergency same-day delivery service. They do not carry special flours. Quality is higher than Metro's but lower than Sam's.

2. Metro Bakery Suppliers. Metro offers terms of Net/30, 2/10. (That is, accounts must be paid in full within 30 days, and if accounts are paid within 10 days, a 2% discount is given.) They do not offer quantity discounts. They offer automatic weekly delivery service of standard orders. They also provide market research to their clients. Their basic prices are lower than Green's, without taking discounts into account. They do not carry special flours.

3. Sam's Bakery Supplies. Sam's offers terms of Net/30, 2/10, plus quantity discounts. The quantities Fred's has been buying would place it in the 5% discount range; their orders would have to triple to move up to the next level, which is 15%. They deliver on order only, with a two-day time lag between order and delivery. They specialize in special flours, such as rye and whole wheat, and provide recipes to bakeries. They also offer a limited amount of market research, mostly dealing with new products. Their basic prices are higher than Metro's but lower than Green's. Quality is high.

There are two local companies selling only flour. Quality is higher than the bakery suppliers.

1. Ferdinand's Flour Mill sells white and whole wheat flour, ground locally, at substantially lower prices than the bakery supply houses. There is one standard quantity discount for all orders of more than 500 pounds. They do not deliver.

2. The local flour mill for a national flour company offers white flour only at prices below those of the bakery suppliers but above Ferdinand's. They will deliver monthly. They have one standard quantity discount for all orders of more than 500 pounds.

There are two local suppliers of bakery equipment.

1. Rose's Bakery Equipment offers a complete line of bakery equipment. They handle new equipment only and do not take trade-ins. Their financing is handled by a finance company. They will lease equipment, but do not apply the lease payments to eventual purchase if the customer decides to buy the equipment. They provide an extensive training program for all equipment they sell.

2. Acme Bakery Equipment offers a complete line of new and used bakery equipment. They accept trade-ins. They handle their own financing. They offer a liberal lease-with-option-to-buy plan in which payments for a leased piece of equipment can be applied to the purchase price. The interest rate on their financing is generally lower than Rose's, but the time period for repayment is usually shorter.

SUPPLIER INFORMATION SHEET

Name of Business: Peterson's Restaurant

There are numerous restaurant suppliers in the metropolitan area. You contact three comprehensive suppliers who provide food, equipment, linen, and other supplies. You find their prices almost identical on most items, if the effect of the discounts is not considered.

1. George's Restaurant Supply. George's offers terms of Net/30, 2/10. (That is, all accounts are payable within 30 days, and accounts paid within ten days receive a 2% discount.) They do not offer any quantity discounts. Their selection of food is limited to standard items, but they will special order items they do not have in stock free of charge. Special orders take about a week. They offer regular daily delivery service. Highest quality among comprehensive suppliers.

2. Mid-City Restaurant Supply. Mid-City offers terms of Net 30 days. (All accounts payable in full within 30 days; no discount for early payment.) They offer quantity discounts on certain meat items, but nothing else. The quantity required for a discount is about twice what Peterson's now orders. Their selection of food is limited to standard items, and they do not special order. They offer regular daily delivery service. Lowest quality among comprehensive suppliers.

3. Lone Pine Restaurant Supply. They have supplied Peterson's for 4 years. Lone Pine offers quantity discounts on all food items; Peterson's is eligible for some of the discounts and currently saves about 10% on about half of the food it orders. Their selection is slightly wider than the other two, but they do not special order, and they do not handle baked goods. (The other two do.) They offer regular daily delivery service. Quality higher than Mid-City, lower than George's.

You also contact a number of specialty suppliers. The following are representative of what you find in each category. Quality for all is higher than the comprehensive suppliers'.

1. Abbott's Meat Wholesaler. A wide selection of high quality meat at slightly lower prices than the comprehensive suppliers. They offer daily delivery and will provide special cuts to order. Terms of Net 30 days and no quantity discounts.

2. Mark's Wholesale Produce. Fresh produce at lower prices than the comprehensive suppliers. Daily delivery. They specialize in finding out-of-season produce, for an extra charge. Terms of Net 30 days and no quantity discounts.

3. Petrocelli's Wholesale Grocery. They offer all necessary non-fresh food items at the lowest wholesale prices. They will deliver a maximum of once a week, but only when ordered. Delivery time of one day after order is placed. Terms of Net 30 days.

4. Dombrowski's Bakery. They are a retail bakery that sells all kinds of baked goods to restaurants at 15% below retail price. Their products are more expensive than the baked goods provided by the comprehensive suppliers, but also of higher quality. They offer terms of Net 30 days and daily delivery.

5. Lester's Uniform Service. Provides uniforms and linen at a lower price than the comprehensive suppliers. Weekly pick-up and delivery. Terms of Net 30 days.

6. Farnsworth Paper Products. Offers paper supplies at lower prices than the comprehensive suppliers. Generous quantity discounts; by ordering monthly, Peterson's could qualify for one of 25%. Free delivery on order; orders take about three days to arrive.

SUPPLIER INFORMATION SHEET

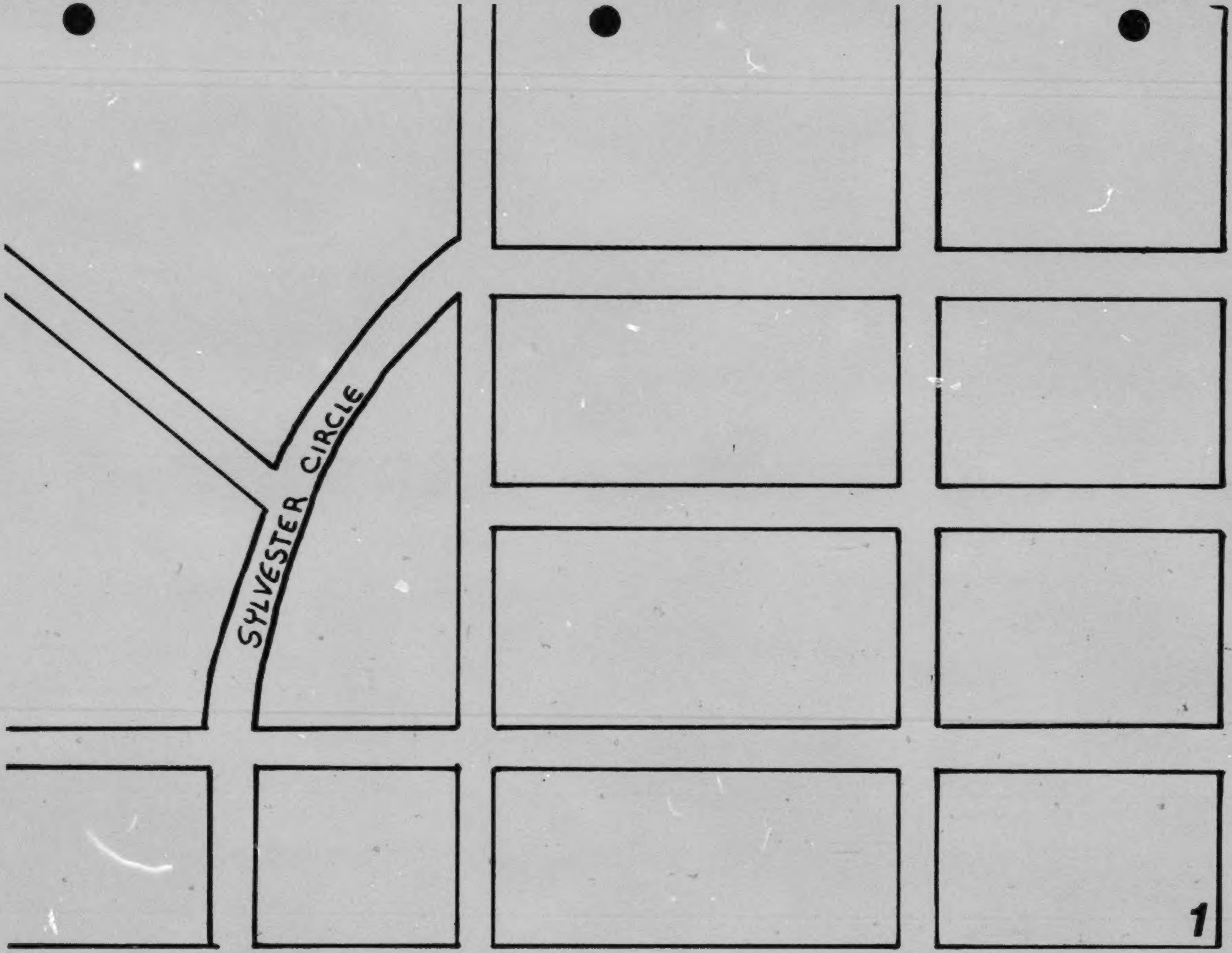
Name of Business: Sparkle Cleaners

There are three local suppliers of dry cleaning and laundry supplies:

1. City Cleaners Supply offers quantity discounts. Sparkle's present level of ordering puts it in the 10% discount range. Orders would have to triple to move into the next range, 20%. They deliver on order and offer special courses on new techniques and new chemicals. Delivery time is usually one day. Quality is higher than Rick's, but lower than Bradshaw's.

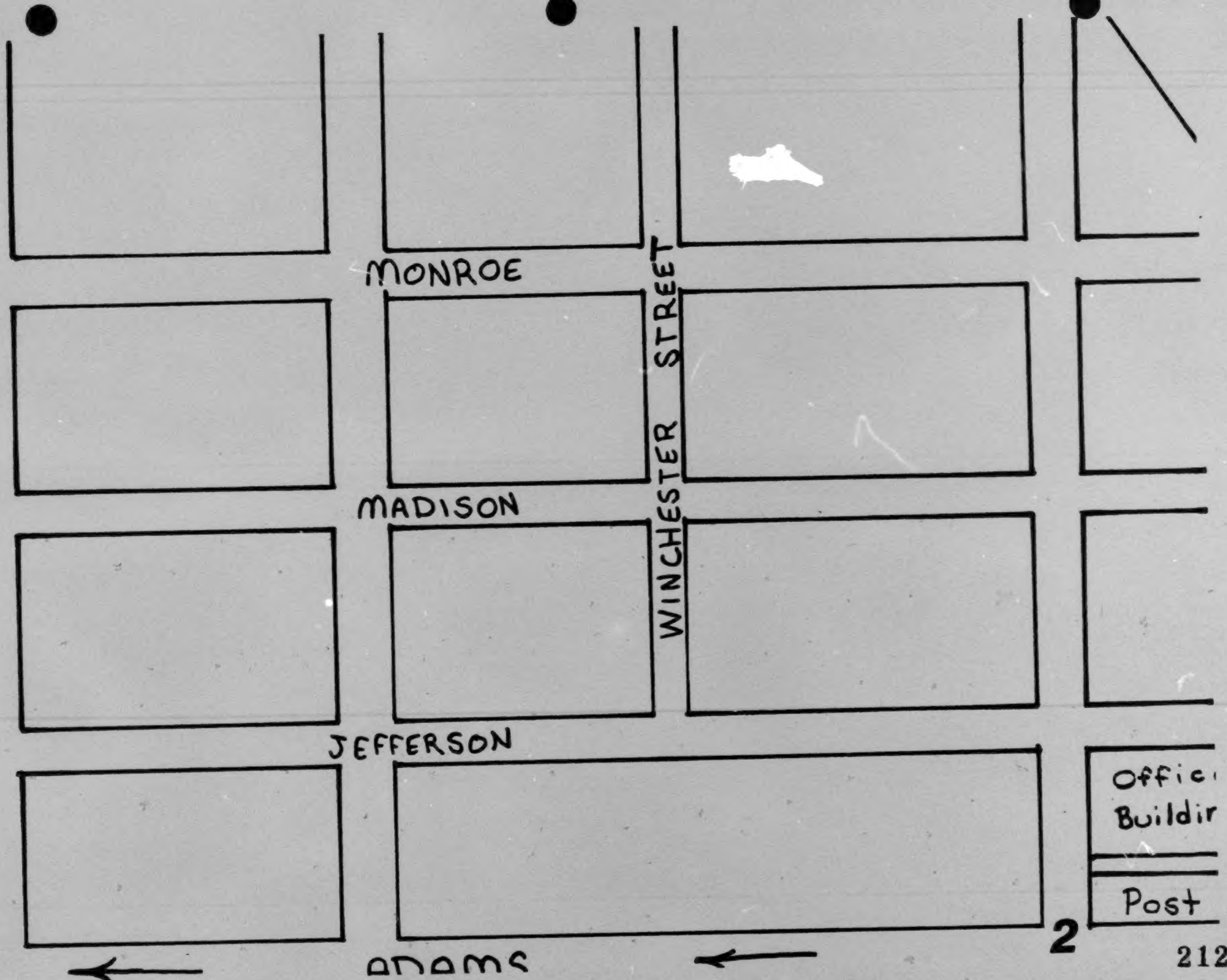
2. Rick's Dry Cleaning Supply offers terms of Net/30, 2/10. (That is, accounts must be paid in full within 30 days, and if accounts are paid in full within 10 days, a 2% discount is given.) They do not offer quantity discounts. They deliver on order only. Their basic prices are about the same as City Cleaners Supply, without considering the effect of discounts. Delivery time is usually two days.

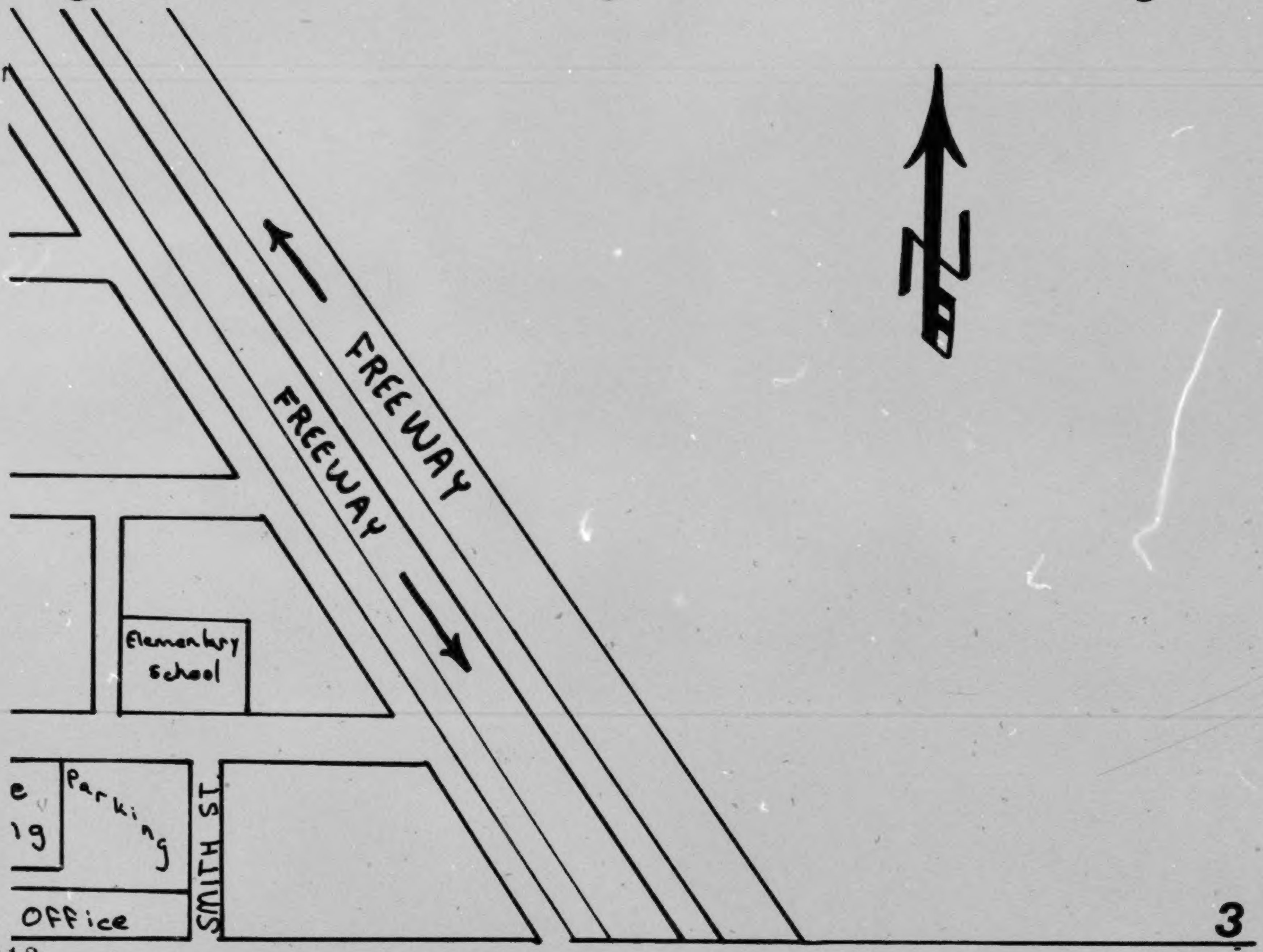
3. Bradshaw's Cleaning Supplies offers terms of Net/30, 2/10, plus a small quantity discount. They have been supplying Sparkle for the last five years; Sparkle's current quantity discount amounts to 5%. They provide automatic weekly delivery of standard orders. Their basic prices are slightly higher than the other two suppliers, but their quality is also higher.


SYLVESTER CIRCLE
1

209

210


MONROE
MADISON
JEFFERSON
WINCHESTER STREET
Offic
Buildir
Post
2
ADAMS


FREEWAY
FREEWAY
N
Elementary School
e
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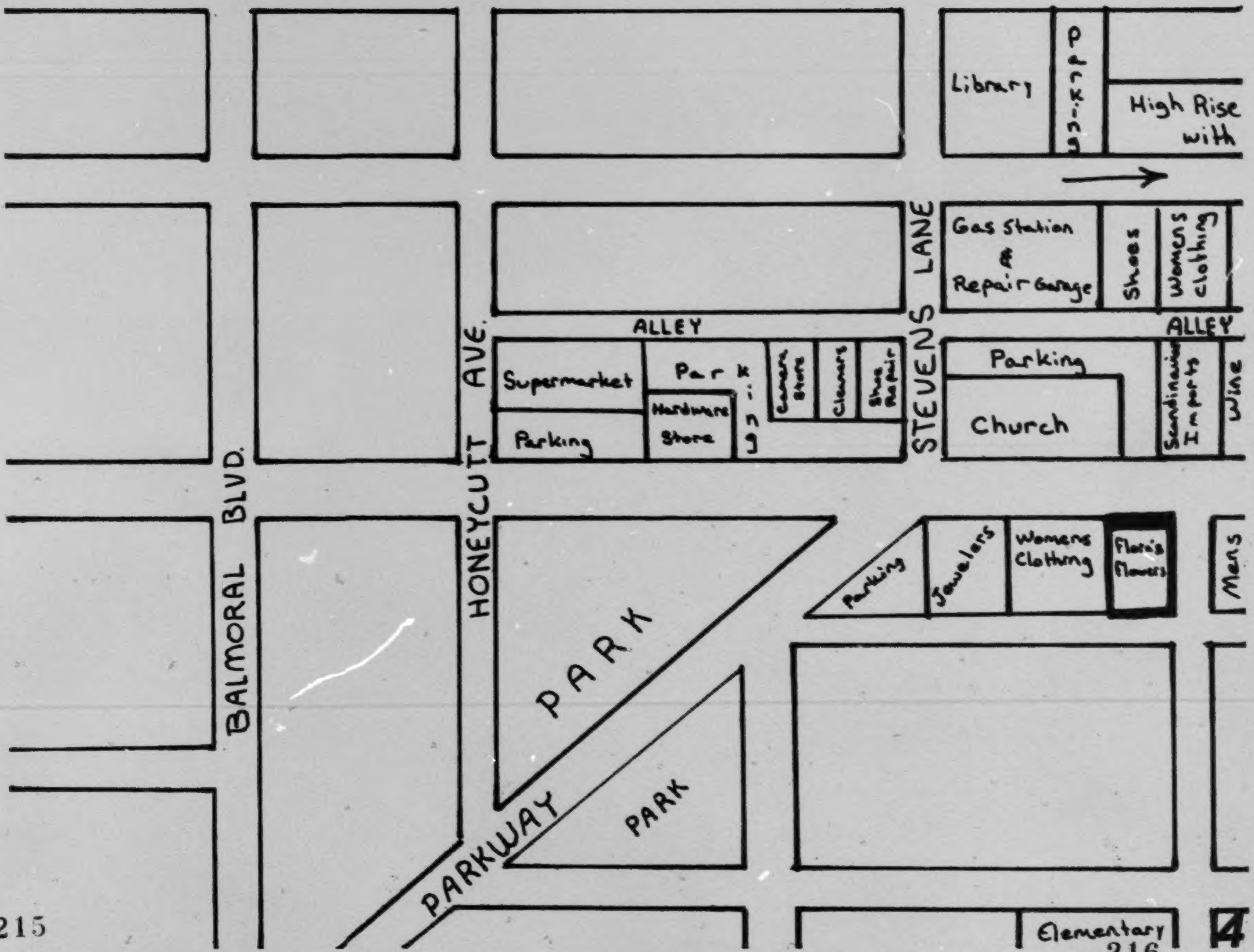
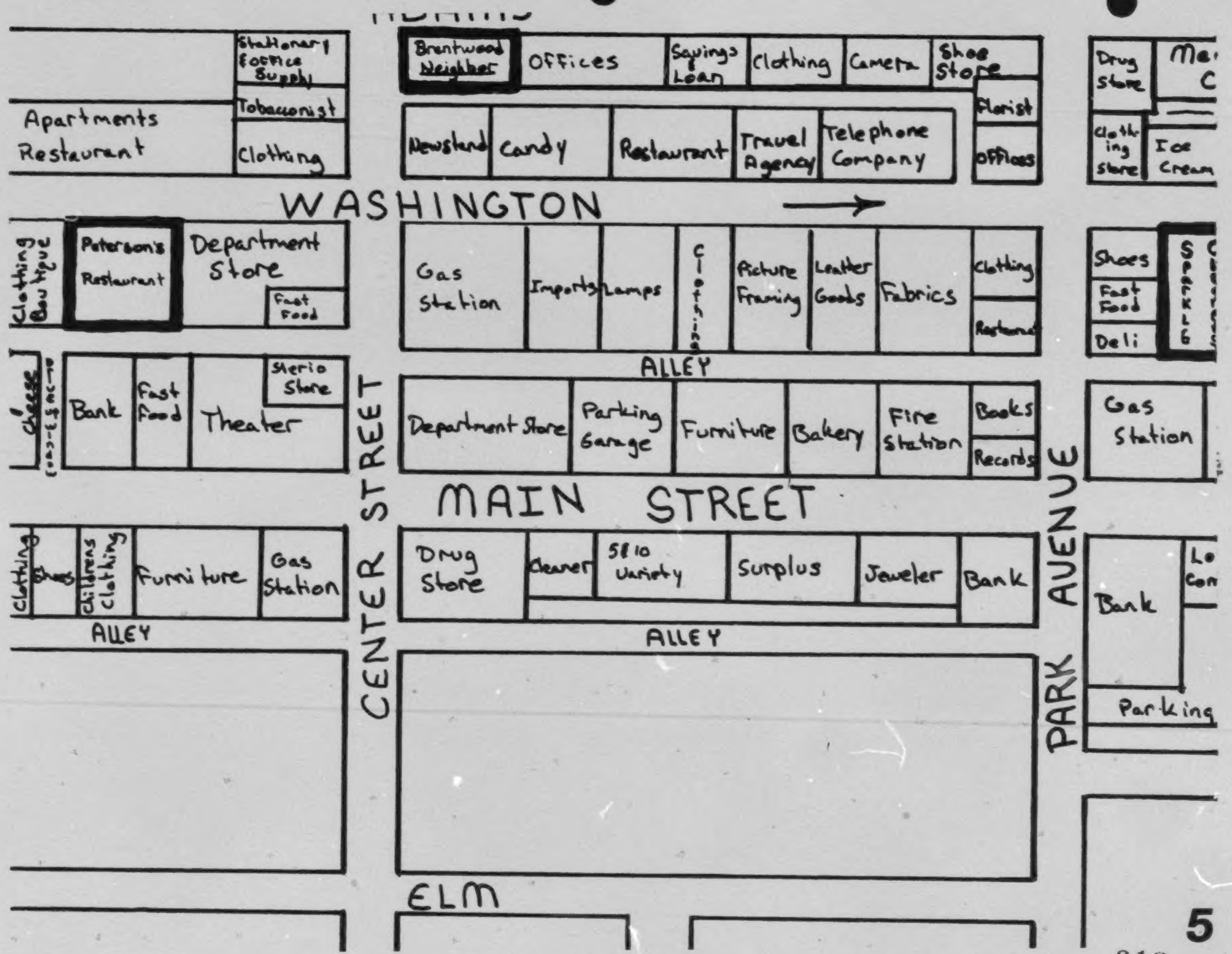
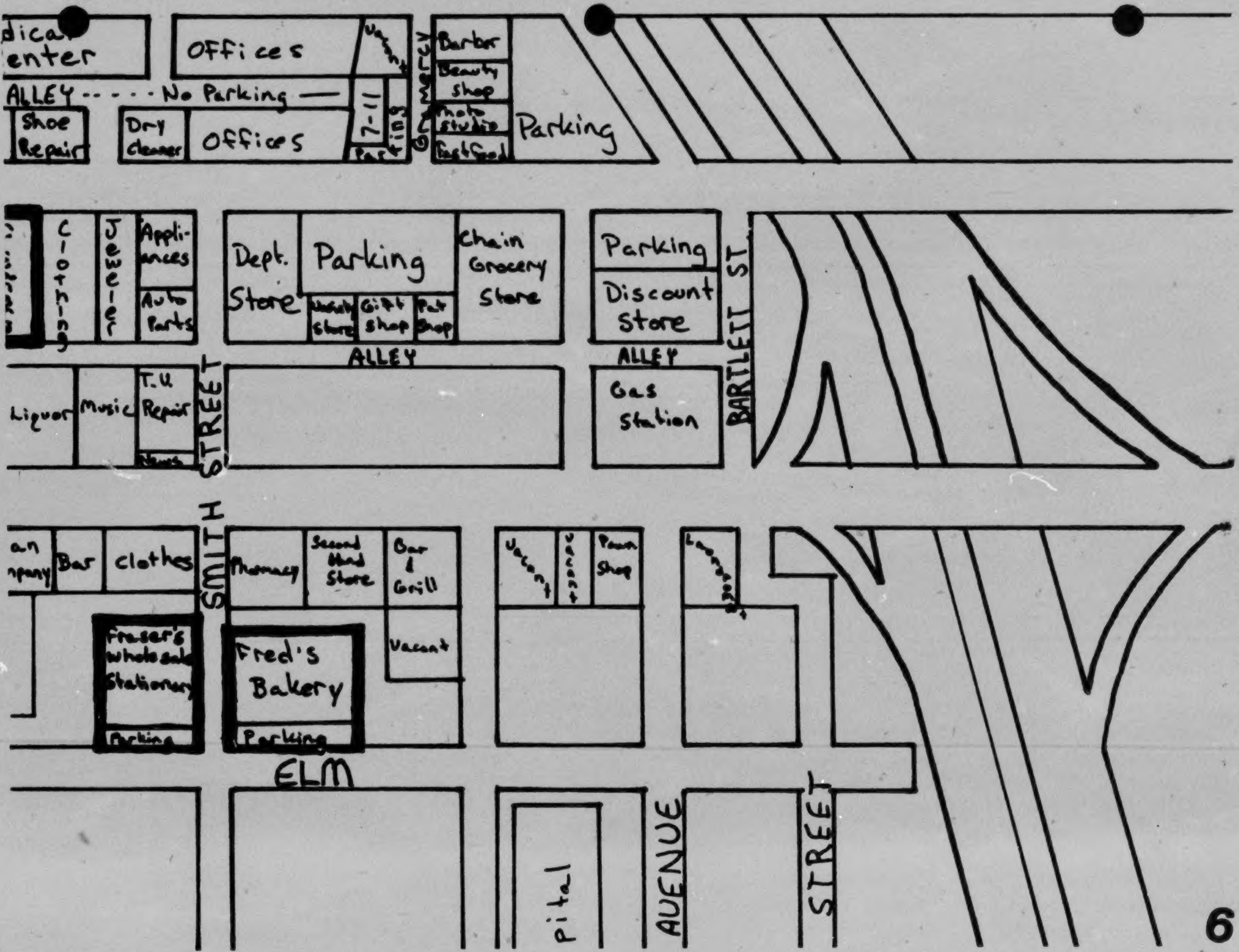
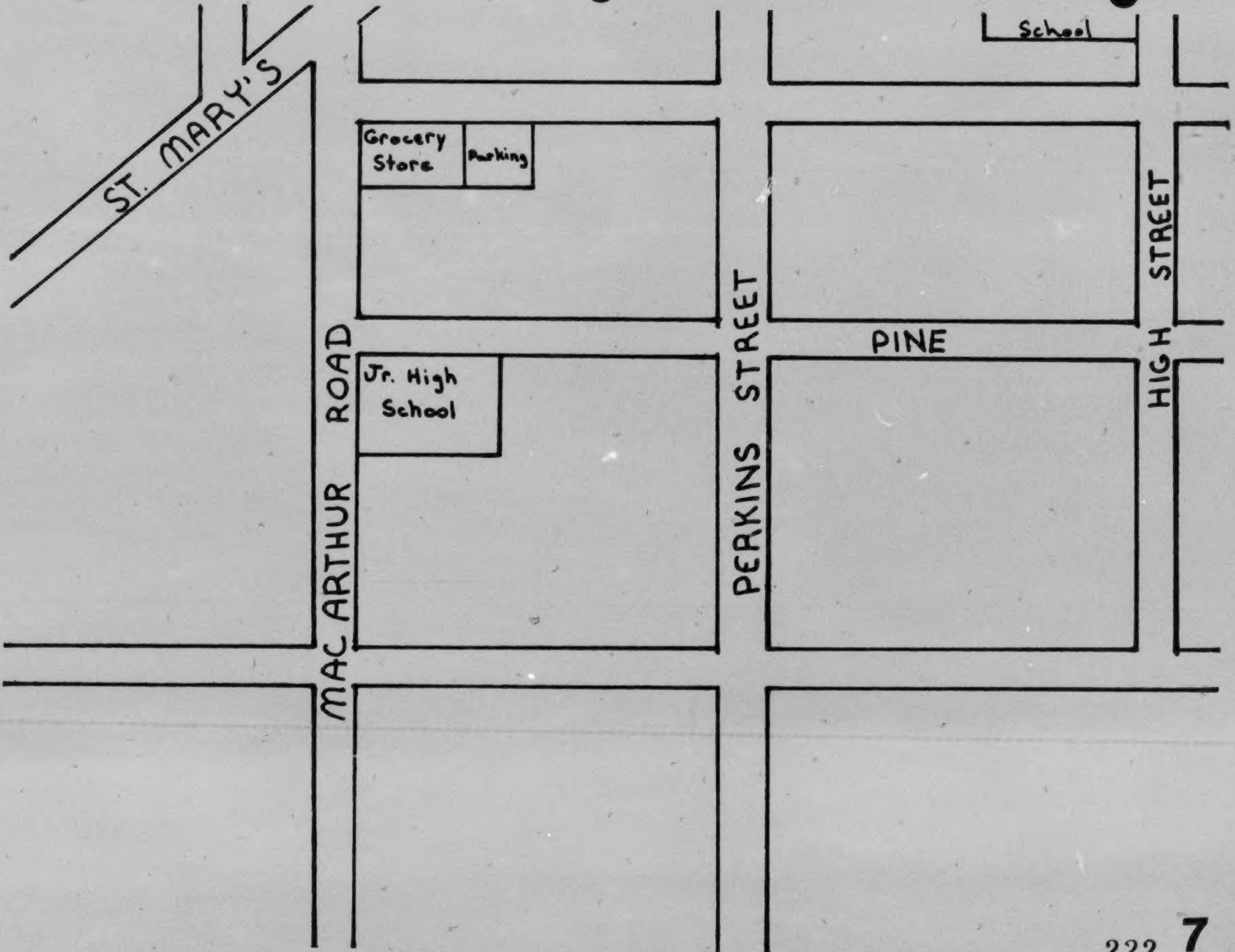
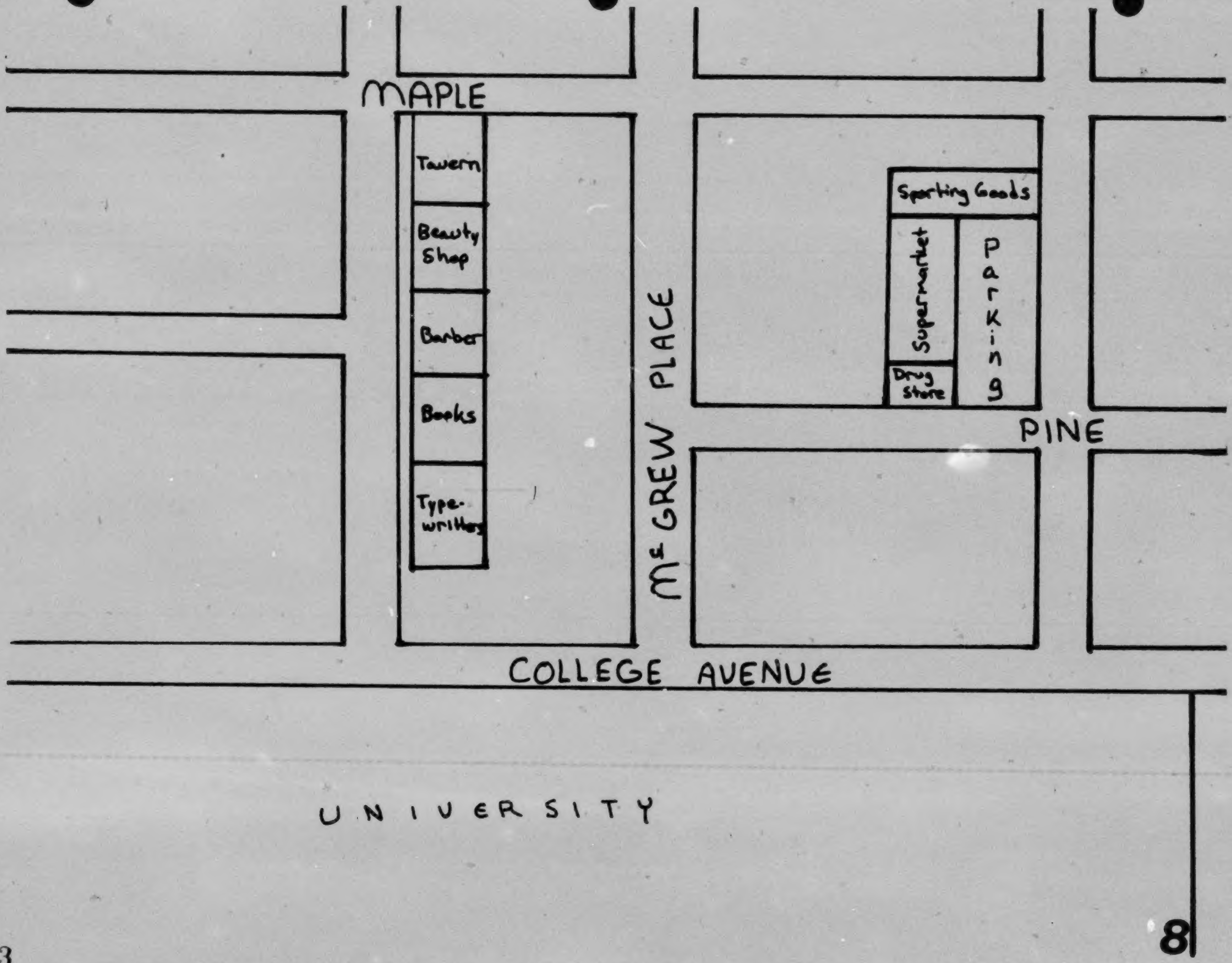
Parking
Office
SMITH ST.
3

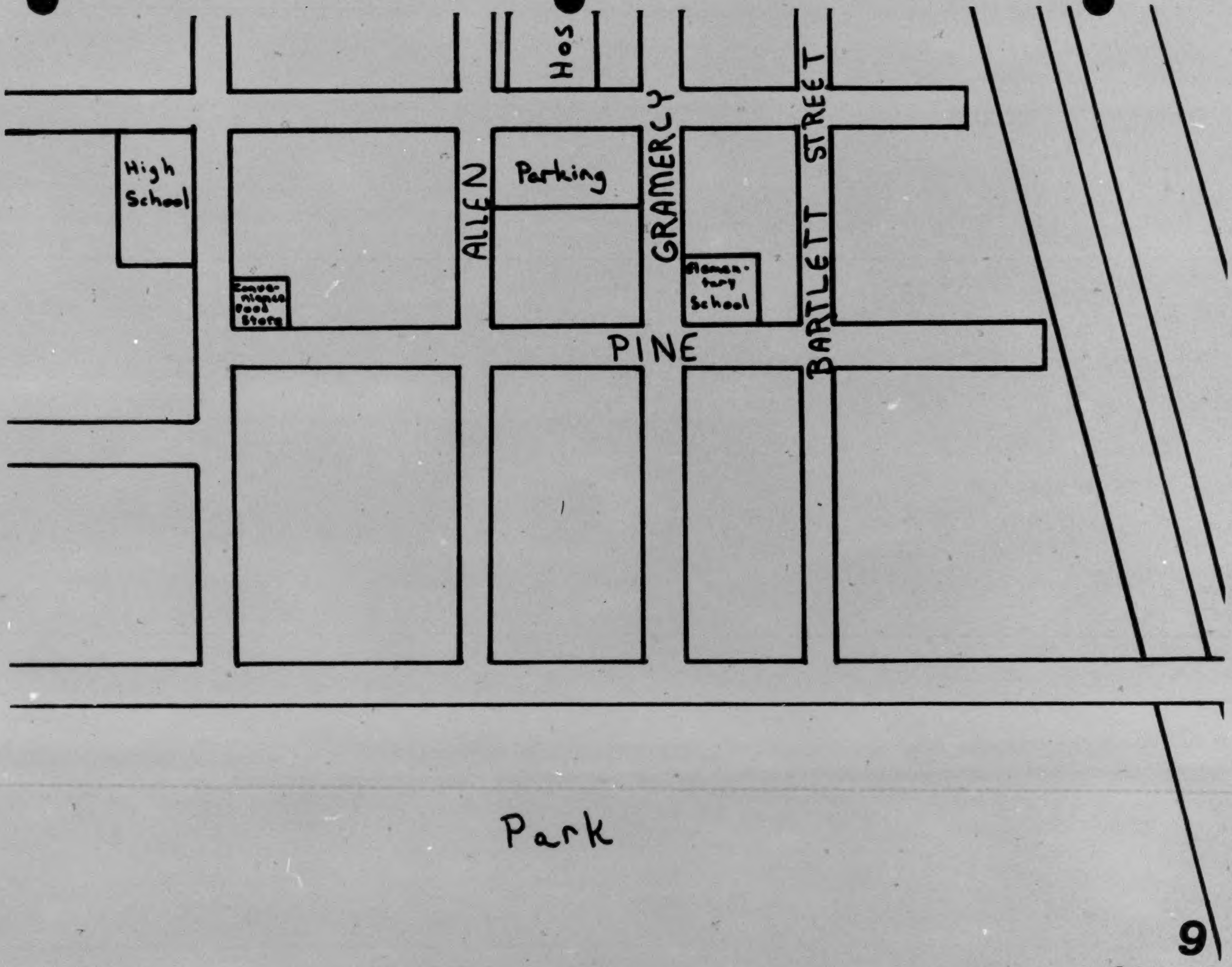

Library
parking
High Rise with
Gas Station & Repair Garage
Shoes
Womens clothing
ALLEY
ALLEY
STEVENS LANE
HONEYCUTT AVE.
BALMORAL BLVD.
Supermarket
Park ing
Camera Store
Cleaners
Shoe Repair
Hardware Store
Parking
Parking
Church
Scandinavian Imports
Wine
Parking
Jewelers
Womens Clothing
Flora's Flowers
Mens
PARK
PARK
PARKWAY
Elementary
4


WASHINGTON
MAIN STREET
CENTER STREET
PARK AVENUE
ELM
ALLEY
ALLEY
ALLEY
Stationary & Office Supply
Tobacconist
Clothing
Apartments Restaurant
Brentwood Neighbor
Offices
Savings & Loan
Clothing
Camera
Shoe Store
Florist
Offices
Newsstand
Candy
Restaurant
Travel Agency
Telephone Company
Drug Store
Clothing Store
Ice Cream
Clothing Boutique
Peterson's Restaurant
Department Store
Fast Food
Gas Station
Imports
Lamps
Clothing
Picture Framing
Leather Goods
Fabrics
Clothing
Restaurant
Shoes
Fast Food
Deli
SPARKLE
Cheese
Bank
Fast Food
Theater
Sterio Store
Department Store
Parking Garage
Furniture
Bakery
Fire Station
Books
Records
Gas Station
Clothing
Shoes
Childrens Clothing
Furniture
Gas Station
Drug Store
Cleaner
5 & 10 Variety
Surplus
Jeweler
Bank
Bank
Parking


dical
enter
Offices
Vacant
ALLEY - - - - No Parking —
Shoe Repair
Dry cleaner
Offices
7-11
Parking
Gomerley
Barber
Beauty shop
Photo studio
Fast food
Parking
Clothing
Jeweler
Appliances
Auto Parts
Dept. Store
Parking
Variety Store
Gift Shop
Pet Shop
Chain Grocery Store
ALLEY
Parking
Discount Store
ALLEY
BARTLETT ST
Liquor
Music
T.V. Repair
News
SMITH STREET
Gas Station
an
mpany
Bar
clothes
Pharmacy
Second Hand Store
Bar & Grill
Vacant
Vacant
Pawn Shop
Laundromat
Fraser's wholesale Stationery
Parking
Fred's Bakery
Parking
Vacant
ELM
pital
AVENUE
STREET
6


ST. MARY'S
School
Grocery Store
Parking
PINE
STREET
HIGH
Jr. High School
ROAD
MAC ARTHUR
STREET
PERKINS


MAPLE
Tavern
Beauty Shop
Barber
Books
Type-writers
Mc GREW PLACE
Sporting Goods
Supermarket
Parking
Drug Store
PINE
COLLEGE AVENUE
UNIVERSITY


Hos
High School
Parking
ALLEN
GRAMERCY
BARTLETT STREET
Conven-ience Food Store
Elemen-tary School
PINE
Park
9

SBSG 2
Business Plan

Business Name ____________________

Players' Names ____________________

____

____

MARKETING PLAN

A. Present name of business ______________________________

Do you plan to change name? __________

If so, to what? ______________________________

Why? ______________________________

B. Size of Planned Market (check one)

Whole city (one million people) __________

Brentwood and surrounding neighborhoods (approx. 50,000 people) __________

Brentwood only (20,000 people) __________

Smaller section of Brentwood (approx. 10,000 people) __________

C. Market Needs

1. Services and/or Products not now available in market

____

____

____

2. Special needs or tastes of potential customers

____

____

____

D. Image: What specific things will be distinctive about your business? What do you particularly want customers to notice and remember?

____

____

____

E. Product and/or Service Line

Product or Service	Price Range (High, Medium, Low)	Estimated Percent of Sales or Services

F. Free Services to be Offered

Service	Estimated cost per Year

G. Sales Policies

1. Credit (check one)

No credit ____________

Store credit only ____________

Credit Cards Only ____________

Store Credit and Credit Cards ____________

2. Other Sales Policies (including policies on return of goods, guarantees, special discounts, etc.)

H. Advertising/Promotional Plan for first quarter

1. Advertising

Type	Units		Cost per Unit		Total Cost
City Newspaper		x	$120	=	
Community Newspaper		x	$ 20	=	
College Newspaper		x	$ 10	=	
Radio					
General Adult Station		x	$ 50	=	
Teenage Station		x	$ 25	=	
"Easy Listening" Station		x	$ 15	=	
Television					
UHF		x	$ 40	=	
Network-Affiliated		x	$100	=	
Billboards		x	$750	=	
Flyers/Direct Mail		x	$ 20	=	
Specialties		x	$ 10	=	
			TOTAL		

What are your reasons for using these types of advertising?

2. Promotion

List kinds of promotion to be used (sales, special offers, etc.)

____

____

I. Summary of advantages of business over competitors: What do you offer your market that they don't? Why should someone buy from you instead of from them?

____

____

____

SBSG 2
Business Plan

Business Name______________________________

Players' Names______________________________
____
____

OPERATIONAL PLAN

A. Legal Organization (Individual proprietorship, partnership, or corporation)

____

Reasons for choosing this organization: ______________________________

____

____

B. Insurance

Types	Cost per year
TOTAL	

C. Personnel

1. Roles to be filled by owners

Name	Role	Salary*

*Each owner earns a salary of $6000 per year ($1500 per quarter).

2. Other employees needed Salary*

________________________ ________________________

________________________ ________________________

________________________ ________________________

________________________ ________________________

________________________ ________________________

________________________ ________________________

________________________ ________________________

________________________ ________________________

________________________ ________________________

________________________ ________________________

*Each full-time employee earns a salary of $6000 per year ($1500 per quarter); each part-time employee earns a salary of $3000 per year ($750 per quarter).

D. Supply

1. Supplies Needed

____

____

____

____

____

2. Suppliers Selected

Name	Item(s)	Reasons for selection---
________	________	________
	________	________
	________	________
________	________	________
	________	________
	________	________
________	________	________
	________	________
	________	________
________	________	________
	________	________
	________	________
________	________	________
	________	________
	________	________
________	________	________
	________	________
	________	________

E. Physical Changes in Business

	Explanation	Cost
New equipment/machinery		
New furniture/fixtures		
New sign (Cost = $500)		
Repainting/structural remodeling		0 (to be paid by landlord)
	Total	

SBSG 2
Business Plan

Business Name____________________

Players' Name____________________
____
____

PURCHASE PRICE WORKSHEET

STEP 1 Determine Tangible Owners' Equity of the business by subtracting total liabilities included in sale from total physical assets included in sale.

Total physical assets included in sale ......___________
Total liabilities included in sale...........___________
Tangible Owners' Equity.....................................___________

STEP 2 Decide whether to offer anything for Goodwill by determining if the business has any excess earning power.

A. Find the average net profit of the business over the last three years and add average salaries paid to owners over the last three years to get Present Earning Power of Business.

Average net profit........_________
Salaries paid to owners..._________
Present Earning Power of Business.....__________

B. Add 7% of the tangible Owners' Equity of the business (the amount you could earn by investing in government bonds) to your present salaries to get Present Earning Power of Buyers.

7% of tangible Owners' Equity__________
Present Salaries of buyers.. __________
Present Earning Power of Buyers........___________

C. Subtract Present Earning Power of Buyers from Present Earning Power of Business to get

Excess Earning Power of Business......___________

D. Multiply excess earning power of business by 3 to get Goodwill Offered. If there is no excess earning power, put "0" for Goodwill Offered.

Goodwill Offered...___________

STEP 3 Add Goodwill Offered to Tangible Owners' Equity to get Buyers' Offer for Business.

Buyers Offer for Business.................................___________

STEP 4 Negotiate with owner. (Draw card.) Owner insists upon _______% ($_______) above Buyers' Offer, for Goodwill. Add this amount to Buyers' Offer to get Price Agreed Upon for Business.

Goodwill Demanded by Owner............................ ____________
Price Agreed Upon for Business........................ ____________

* * * * * * * * * * *

Goodwill offered..................____________
Goodwill demanded by owner........____________
Total Goodwill paid..............................____________

COMMUNITY PARTICIPATION INFORMATION SHEET

Business: Newspaper

As a small businessperson, you can join the Calverton Chamber of Commerce. Membership dues are $50.00 per year. As a member, you would receive information about events and developments affecting business in Calverton, such as legislation, other government action, and private development plans. You would also have the chance to work on committees to influence policy in various areas affecting business.

You have already decided to become a member of the Brentwood Merchants' Association. This group meets periodically to discuss cooperative action dealing with community issues. It works to improve the community for the benefit of all the businesses in it. Membership dues are $50.00 per year.

There is a community newspaper and printing trade association in the Calverton area which you are eligible to join. Membership dues are $100 per year. The trade association provides the following services to members: market research, management training, information about industry- and area-wide trends and developments, group health insurance at a cost of 2% of your payroll, group life insurance at a cost of 1% of your payroll.

Ms. Vogel and Ms. Patrick tell you that they do not belong to the Brentwood Merchants' Association because they feel a newspaper is not really a business and they are not interested in the same things the businessmen of the community are. They do not belong to the trade association because, "We don't really need their help, and it's just one more expense."

COMMUNITY PARTICIPATION INFORMATION SHEET

Business: Florist

As a small businessperson, you can join the Calverton Chamber of Commerce. Membership dues are $50.00 per year. As a member, you would receive information about events and developments affecting business in Calverton, such as legislation, other government action, and private development plans. You would also have the chance to work on committees to influence policy in various areas affecting business.

You have already decided to become a member of the Brentwood Merchants' Association. This group meets periodically to discuss cooperative action dealing with community issues. It works to improve the community for the benefit of all the businesses in it. Membership dues are $50.00 per year.

There is a florists' trade association in the Calverton area which you are eligible to join. Membership dues are $100 per year. The trade association provided the following services to members: market research, management training, information about industry- and area-wide trends and developments, group health insurance at a cost of 2% of your payroll, group life insurance at a cost of 1% of your payroll.

Mr. Flora tells you that he used to belong to the Brentwood Merchants' Association, but does not belong now. "The shop has kept me pretty busy the last year, but before that I did a lot with them. They always take care of community Christmas decorations every year." He does not belong to the florists' trade association. "Not that I have anything against them, but it only started a few years ago, and I've just never gotten around to joining."

COMMUNITY PARTICIPATION INFORMATION SHEET

Business: Wholesale Stationery

As a small businessperson, you can join the Calverton Chamber of Commerce. Membership dues are $50.00 per year. As a member, you would receive information about events and developments affecting business in Calverton, such as legislation, other government action, and private development plans. You would also have the chance to work on committees to influence policy in various areas affecting business.

You have already decided to become a member of the Brentwood Merchants' Association. This group meets periodically to discuss cooperative action dealing with community issues. It works to improve the community for the benefit of all the businesses in it. Membership dues are $50.00 per year.

There is a stationers' trade association in the Calverton area which you are eligible to join. Membership dues are $100 per year. The trade association provides the following services to members: market research, management training, information about industry- and area-wide trends and developments, group health insurance at a cost of 2% of your payroll, group life insurance at a cost of 1% of your payroll.

Mr. Fraser says he does not belong to the Brentwood Merchants' Association but works with them on their projects which he feels affects him. "Which isn't all of them," he says. "A lot of their stuff only concerns the retail stores." He doesn't belong to the trade association because, as he says, he's "gotten along fine without them all these years."

COMMUNITY PARTICIPATION INFORMATION SHEET

Business: Bakery

As a small businessperson, you can join the Calverton Chamber of Commerce. Membership dues are $50.00 per year. As a member, you would receive information about events and developments affecting business in Calverton, such as legislation, other government action, and private development plans. You would also have the chance to work on committees to influence policy in various areas affecting business.

You have already decided to become a member of the Brentwood Merchants' Association. This group meets periodically to discuss cooperative action dealing with community issues. It works to improve the community for the benefit of all the businesses in it. Membership dues are $50.00 per year.

There is a bakery trade association in the Calverton area which you are eligible to join. Membership dues are $100 per year. The trade association provides the following services to members: market research, management training, information about industry- and area-wide trends and developments, group health insurance at a cost of 2% of your payroll, group life insurance at a cost of 1% of your payroll.

Mr. Abruzzi tells you that he is not a member of the Brentwood Merchants' Association. "Why should I worry about them?" he says. "That's for retailers, not guys like me." He does not belong to the bakery trade association. "I look at it this way: I've been in business for a long time, and I probably know just as much as those guys running the trade association. I don't need to pay them for advice."

COMMUNITY PARTICIPATION INFORMATION SHEET

Business: Restaurant

As a small businessperson, you can join the Calverton Chamber of Commerce. Membership dues are $50.00 per year. As a member, you would receive information about events and developments affecting business in Calverton, such as legislation, other government action, and private development plans. You would also have the chance to work on committees to influence policy in various areas affecting business.

You have already decided to become a member of the Brentwood Merchants' Association. This group meets periodically to discuss cooperative action dealing with community issues. It works to improve the community for the benefit of all the businesses in it. Membership dues are $50.00 per year.

There is a restaurant trade association in the Calverton area which you are eligible to join. Membership dues are $100 per year. The trade association provides the following services to members: market research, management training, information about industry- and area-wide trends and developments, group health insurance at a cost of 2% of your payroll, group life insurance at a cost of 1% of your payroll.

Mrs. Peterson tells you that she does not belong to the Brentwood Merchants' Association because, as she puts it, "I've just never had time to take off from the restaurant. Besides, they always seem to meet at mealtime, just when I'm the busiest." She does not belong to the restaurant trade association. "I never realized a small restaurant like mine could join," she says.

COMMUNITY PARTICIPATION INFORMATION SHEET

Business: Dry Cleaner

As a small businessperson, you can join the Calverton Chamber of Commerce. Membership dues are $50.00 per year. As a member, you would receive information about events and developments affecting business in Calverton, such as legislation, other government action, and private development plans. You would also have the chance to work on committes to influence policy in various areas affecting business.

You have already decided to become a member of the Brentwood Merchants' Association. This group meets periodically to discuss cooperative action dealing with community issues. It works to improve the community for the benefit of all the businesses in it. Membership dues are $50.00 per year.

There is a dry cleaners trade association in the Calverton area which you are eligible to join. Membership dues are $100 per year. The trade association provides the following services to members: market research, management training, information about industry- and area-wide trends and developments, group health insurance at a cost of 2% of your payroll, group life insurance at a cost of 1% of your payroll.

Mrs. Engel tells you that she is not a member of the Brentwood Merchants' Association, but that she sometimes helps them with some of their projects when specifically asked to do so. "There are always plenty of other people willing to do whatever has to be done," she says. She is not a member of the dry cleaners trade association. "I'm just not a joiner."

SBSG 2
Business Plan

Business Name ______________________

Players' Names ______________________
____
____

FINANCIAL PLAN

A. Estimated Profit-and-Loss Statement for the first year

	Last year of Present Business	Projected
Net Sales		
Cost of Sales		
Gross Margin		
%		
Expenses:		
Owners' Salaries		
Employees' Wages		
Delivery		
Rent		
Advertising & Promotion		
Taxes & Licenses		
Depreciation (5% of value of fixed assets)		
Telephone		
Insurance		
Legal & Accounting Fees		
Utilities		
Bad Debts (&/or credit card cost)		
Supplies		
Interest (10% of expected loans)		
Membership Dues (List)		
Total Expenses		
Net Profit		

B. Statement of Financial Needs

Price Agreed upon for Business	
Additional Costs:	
Physical Changes in Business (Equipment, machinery, furniture, fixtures, and sign)	
(If you incorporate) Legal fees and other incorporation costs ($200)	
Prepaid Items and Deposits	
Rent Deposit (monthly rent x 2)	
Other Deposits (utilities, etc.)	200
Insurance for one quarter	
Opening Expenses:	
Advertising and Promotion for first quarter	
Working Capital (5% of expected yearly net sales)	
Total Funds Needed	

C. Owners' Equity (amount to be invested in business)

Owner 1 ____________________

Owner 2 ____________________

Owner 3 ____________________

Total Owners' Equity ____________

D. Financing available from friends or relatives

Source ______________________________ Amount __________

E. Total Funds Available (Owners' Equity plus Financing available from friends or relatives)	
F. Financing Needed (Total Funds Needed minus Total Funds Available)	
G. Equipment Financing Needed (cost of physical changes in business)	
H. Bank Loan Needed (Financing Needed minus Equipment Financing Needed)	

Business________________________ SBSG 2

EVALUATION OF MARKETING PLAN

A. Name

1	2	3	4	5
action or name completely inappropriate				action and name completely appropriate

B. Size of Planned Market

1	2	3	4	5
completely inappropriate				completely appropriate

C. Market Needs

Services/Products not now available

1	2	3	4	5
identification completely inadequate or incorrect				identification completely adequate and correct

Needs/Tastes of customers

1	2	3	4	5
identification completely inadequate or incorrect				identification completely adequate and correct

D. Image

1	2	3	4	5
completely inappropriate or no image specified				completely appropriate image clearly specified

E. Product or Service Line

1	2	3	4	5
line inappropriate for market; already provided by competitors or not wanted by market				line completely appropriate for market that should have been identified

F. Prices

1	2	3	4	5
much too high or low for market				exactly right for market

G. Free Service to be Offered

1	2	3	4	5
too many, too few, or wrong services for market				right services for market that should have been identified

H. Sales Policies

1	2	3	4	5
too much, too little, or wrong kind of credit for market; poor sales policies				right amount of credit for market; effective sales policies

I. Advertising/Promotional Plan

1	2	3	4	5
not enough or too much advertising expense; wrong kind of media				right amount and kind of advertising

(for bank use only) TOTAL ________________

Business ______________________ SBSG 2

EVALUATION OF OPERATIONAL PLAN

A. Legal Organization

1	2	3	4	5
legal organization completely inappropriate for business				legal organization completely appropriate for business

B. Insurance

1	2	3	4	5
too much or too little insurance for type and location of business				right amount and type of insurance for type and location of business

C. Personnel

1	2	3	4	5
owners' roles completely inappropriate or unrealistic				owners' roles completely appropriate and realistic

1	2	3	4	5
too many, too few, or wrong type of employees				right number and type of employees

D. Supply

Supplies Needed

1	2	3	4	5
identification of needs completely incorrect or inadequate				identification of needs completely correct and adequate

Suppliers Selected

1	2	3	4	5
few or no appropriate suppliers identified				all appropriate suppliers identified

E. Physical Changes in Business

1	2	3	4	5
too few, too many, or wrong type of changes made				all appropriate changes made

(for bank use only) TOTAL________________

Business________________________________ SBSG 2

EVALUATION OF FINANCIAL PLAN

A. Profit-and-Loss Estimates

Projection of Sales

1	2	3	4	5
projection unrealistic or inadequate in light of market plan				projection reasonable in light of market plan

Projections of Expenses

1	2	3	4	5
projections unrealistic in light of market plan				projections reasonable in light of market plan

B. Statement of Financial Needs

1	2	3	4	5
needs under- or over-estimated; too much or not enough planned for "Additional Costs" and "Opening Expenses				need correctly estimated

(for bank use only) TOTAL____________________

MARKETING PLAN TOTAL____________________

OPERATIONAL PLAN TOTAL____________________

Business Plan total____________________

SBSG 2

Starting a Business

Facsimiles of Chance Cards

The owner agrees to accept 15% more than your offer for the business. You settle on that as the final price.

The owner agrees to accept 12% more than your offer for the business. You settle on that as the final price.

The owner agrees to accept 10% more than your offer for the business. You settle on that as the final price.

The owner agrees to accept 9% more than your offer for the business. You settle on that as the final price.

The owner agrees to accept 8% more than your offer for the business. You settle on that as the final price.

The owner agrees to accept 7% more than your offer for the business. You settle on that as the final price.

The owner agrees to accept 6% more than your offer for the business. You settle on that as the final price.

The owner agrees to accept 5% more than your offer for the business. You settle on that as the final price.

The owner agrees to accept 4% more than your offer for the business. You settle on that as the final price.

The owner agrees to accept 2% more than your offer for the business. You settle on that as the final price.

BUSINESS PLAN SCORESHEET

Type of Business ______________________ Business Name __________________

Owners/Managers ______________________

SCORE ___________

Financing:

The bank has granted you a loan of: $______ at 10% interest for three years.	Equipment supplies have given you financing of: $_______ at 8% interest for five years.	Your _____ has agreed to loan you: $______ at 8% interest for five years.	TOTAL LOANS $ _______
Quarterly Bank Loan Payments will be: $_____	Quarterly Equipment Loan Payments will be $_______	Quarterly Loan Payments on this loan will be: $______	TOTAL QUARTERLY LOAN PAYMENTS $ _______
Yearly Bank Loan Interest Payments will be: $_______	Yearly Equipment Loan Interest Payments will be: $________	Yearly interest payments on this loan will be: $______	TOTAL YEARLY INTEREST PAYMENTS $ _______

BALANCE SHEET

Business Name ____

As of ____________________

Assets

Current	
Cash	$________
Inventory	________
Supplies	________
Subtotal	$________
Fixed	
______________	$________
______________	________
______________	________
Value of Fixed Assets	$________
Less Depreciation to Date	________
Subtotal	$________
Other	
Goodwill	$________
TOTAL ASSETS	$________

Liabilities & Owner's Equity

Liabilities	
Bank Loans	$________
Equipment Loans	________
Other Loans	________
Unpaid Salaries to Date	________
Total Liabilities	$________
Owner's Equity	
Owner's Equity to Date	$________
Net Profit (or Loss) for the year	________
Total Owner's Equity	$________
TOTAL LIABILITIES & OWNER'S EQUITY	________

BALANCE SHEET AID

1. Business Name = the name of your business

Assets

2. Cash = Total Funds Available + Bank Loan Needed - Price Agreed Upon For the Business (Page 2 of Financial Plan)

3. Inventory and Supplies = Same figures for Inventory and Supplies from "Assets and Liabilities Included in the Sale" (last page of Business Profile)

4. Subtotal = Cash + Inventory + Supplies

5. Fixed = Fixed assets included in the same (last page of Business Profile, "Assets and Liabilities Included in the Sale") + New Purchases of equipment, machinery, furniture, fixtures or sign (page 2 of Financial Plan)

6. Value of Fixed Assets = the total of fixed assets from step 5

7. less Depreciation to Date = 0

8. Subtotal = Value of Fixed Assets - Depreciation

9. Goodwill = Total Goodwill Paid (Purchase Price Worksheet)

10. Total Assets = Subtotal (step 4) + Subtotal (step 8) + Goodwill (step 9)

Liabilities
& Owner's Equity

11. Bank Loans = Bank Loan (Business Plan Scoresheet column 1, line 1)

12. Equipment Loans = Equipment Loan (Business Plan Scoresheet, column 2, line 1)

13. Other Loans = Other Loans (Business Plan Scoresheet, column 3, line 1)

14. Unpaid Salaries to Date = 0

15. Total Liabilities = Bank Loans + Equipment Loans + Other Loans + Unpaid Salaries to Date

16. Owner's Equity to Date = Total Owner's Equity (Item C, Financial Plan)

17. Net Profit (or Loss) for the year = 0

18. Total Owner's Equity = Owner's Equity to Date + Net Profit (or Loss) for the year

19. Total Liabilities & Owner's Equity = Total Liabilities (step 15) + Total Owner's Equity (step 18)

TOTAL LIABILITIES & OWNER'S EQUITY = TOTAL ASSETS

EXPENSE INFORMATION SHEET

Type of Business: Newspaper

It is now mid January; your purchase of the Homeleigh Neighbor was completed on January 1. You have changed the business in whatever ways you decided were necessary, and you are operating "under new management."

You have paid the following expenses in getting started:

Incorporation costs (if incorporated):	$200
Rent Deposit:	$500
Other Deposits (utilities, etc):	$200

* * * * * * * *

Figures to be entered on Regular Expenses Worksheet:

Delivery:	$1900 if carrier-delivered; $1840 if mailed (includes cost of mailing paper, plus 2 subscription renewal notices or other mailings per year)
Rent:	$6000
Taxes & Licenses:	$6000
Telephone:	$600
Insurance:	From Projected Profit-and-Loss Statement
Legal & Accounting Fees:	$1500 (if incorporated) $1000 (if not incorporated)
Utilities:	$2000
Supplies:	$1100
Interest:	From Business Plan Scoresheet
Membership Dues:	From Projected Profit-and-Loss Statement

EXPENSE INFORMATION SHEET

Type of Business: Florist

It is now mid-January; your purchase of Flora's Flowers was completed on January 1. You have changed the business in whatever ways you decided were necessary, and you have opened for business "under a new management."

You have paid the following expenses in getting started:

Incorporation costs (if incorporated):	$200
Rent Deposit:	$300
Other Deposits (utilities, etc.):	$200

* * * * * * * *

Figures to be entered on Regular Expenses Worksheet:

Delivery:	$1500
Rent:	$3600
Taxes & Licenses:	$450
Telephone:	$650
Insurance:	From Projected Profit-and-Loss Statement
Legal & Accounting Fees:	$1500 (if incorporated) $1000 (if not incorporated)
Utilities:	$1000
Supplies:	$500
Interest:	From Business Plan Scoresheet
Membership Dues:	From Projected Profit-and-Loss Statement

EXPENSE INFORMATION SHEET

Type of Business: Wholesale Stationery

It is now mid-January; your purchase of Fraser's Wholesale Stationery was completed on January 1. You have changed the business in whatever ways you decided were necessary, and you have opened for business "under a new management."

You have paid the following expenses in getting started:

Incorporation costs (if incorporated):	$200
Rent Deposit:	$500
Other Deposits:	$200

* * * * * * * *

Figures to be entered on Regular Expenses Worksheet:

Delivery:	$1500
Rent:	$6000
Taxes & Licenses:	$2000
Telephone:	$300
Insurance:	From Projected Profit-and-Loss Statement
Legal & Accounting Fees:	$1500 (if incorporated) $1000 (if not incorporated)
Utilities:	$1000
Supplies:	$500
Interest:	From Business Plan Scoresheet
Membership Dues:	From Projected Profit-and-Loss Statement

EXPENSE INFORMATION SHEET

Type of Business: Bakery

It is now mid January; your purchase of Fred's Bakery was completed on January 1. You have changed the business in whatever ways you decided were necessary, any new equipment you ordered has arrived, and you have opened for business "under a new management."

You have paid the following expenses in getting started:

Incorporation costs (if incorporated):	$200
Rent Deposit:	$800
Other Deposits (Utilities, etc.):	$200

* * * * * * * *

Figures to be entered on Regular Expenses Worksheet:

Delivery	$12,000 (daily) or $8,000 (every other day)
Rent:	$9,600
Taxes & Licenses:	$10,000
Telephone:	$2,500
Insurance:	From Projected Profit-and-Loss Statement
Legal & Accounting Fees:	$5650 (if incorporated) $5150 (if not incorporated)
Utilities:	$10,250
Supplies:	$13,000
Interest:	From Business Plan Scoresheet
Membership Dues:	From Projected Profit-and-Loss Statement

EXPENSE INFORMATION SHEET

Type of Business: Restaurant

It is now mid-January; your purchase of Peterson's Restaurant was completed on January 1. You have changed the business in whatever ways you decided were necessary, now you have opened for business "under a new management."

You have paid the following expenses in getting started:

Incorporation costs (if incorporated):	$200
Rent Deposit:	$400
Other Deposits (Utilities, etc.)	$200

* * * * * * * *

Figures to be entered on Regular Expenses Worksheet:

Delivery:	0
Rent:	$4800
Taxes & Licenses:	$800
Telephone:	$300
Insurance:	From Projected Profit-and-Loss Statement
Legal & Accounting Fees:	$1500 (if incorporated) $1000 (if not incorporated)
Utilities:	$1500
Supplies:	$4000
Interest:	From Business Plan Scoresheet
Membership Dues:	From Projected Profit-and-Loss Statement

EXPENSE INFORMATION SHEET

Type of Business: Dry Cleaner

It is now mid-January; your purchase of Sparkle Cleaners was completed on January 1. You have changed the business in whatever ways you decided were necessary, and you have opened for business "under a new management."

You have paid the following expenses in getting started:

Incorporation costs (if incorporated):	$200
Rent Deposit:	$350
Other Deposits (Utilities, etc.):	$200

* * * * * * * *

Figures to be entered on Regular Expenses Worksheet:

Delivery:	$1000
Rent:	$4200
Taxes & Licenses:	$900
Telephone:	$300
Insurance:	From Projected Profit-and-Loss Statement
Legal & Accounting Fees:	$1500 (if incorporated) $1000 (if not incorporated)
Utilities:	$1500
Supplies:	$1500
Interest:	From Business Plan Scoresheet
Membership Dues:	From Projected Profit-and-Loss Statement

EXPENSE WORKSHEET

Year # ________

Business Name ______________________________

Owners/Managers ____

Delivery ______________________

Rent ______________________

Taxes & Licenses ______________________

Telephone ______________________

Insurance ______________________

Legal and Accounting Fees ______________________

Utilities ______________________

Supplies ______________________

Interest ______________________

Membership Dues (list)

______________________ ______________________

______________________ ______________________

______________________ ______________________

YEARLY REGULAR EXPENSES ______________________

--divided by 4 equals--

QUARTERLY REGULAR EXPENSES ☐

Yearly Depreciation
(5% of total value
of fixed assets) ______________________

-- divided by 4 equals --
Quarterly Depreciation ☐

QUARTERLY BUSINESS PLAN

Year # ________
Business Name ________________________________ Quarter # ______
Owners/Managers ______________________________

Number of Salaried Owners (@ $1500/quarter) ________
Number of Full-Time Employees (@ $1500/quarter) ________
Number of Part-Time Employees (@ $750/quarter) ______ x ½ = ________
Total Employees ________

Member of:

______ Trade Association
______ Chamber of Commerce

A. Advertising and Promotion

Type	Amount (in units)	x	Cost per Unit	=	Cost
City Newspaper	______	x	$120	=	______
Community Newspaper	______	x	$ 20	=	______
College Newspaper	______	x	$ 10	=	______
Radio:					
General Adult Station	______	x	$ 50	=	______
Teenage Station	______	x	$ 25	=	______
Easy-Listening Station	______	x	$ 15	=	______
Television:					
UHF	______	x	$ 40	=	______
Network-Affiliated	______	x	$100	=	______
Billboards	______	x	$750	=	______
Flyers/Direct Mail	______	x	$ 20	=	______
Specialities	______	x	$ 10	=	______

	# Units		Cost per Unit		# Businesses*		
Cooperative Advertising *Must get cooperation of existing businesses	(______	x	______)	÷	______	=	______

Promotional Activities

________________________________ ______
________________________________ ______
________________________________ ______

Total Cost of Advertising and Promotion ________

B. Do you plan any changes in Services & Sales Policies?

	Yes	No	Nature of Change
1. Delivery			
2. Store Credit			
3. Credit Cards			
4. Discounts (quantity & early payment)			

C. Do you plan any changes in Product/Service Line?

Yes ______ No ______ Nature of Change ______________________________

____

____

D. Do you plan any Changes in Suppliers?

Yes ______ No ______ Nature of Change ______________________________

____

____

E. Do you plan any changes in Insurance?

Yes ______ No ______ Nature of Change ______________________________

____

F. (SBSG 3 only) Community Participation

1. Changes in Membership and Trade Organizations

____

2. Brentwood Merchants' Association Projects -- Money and/or Time to be donated this quarter:

Project	Amount Donated
Total	

SALES AND EXPENSE REPORT

Year # ________
Quarter # _____

Business Name ____

Owners/Managers ____

A.	Regular Sales	____________	Cost of Sales	___________	Gross Margin	__________
	Seasonal or One-Time Sales	____________	Cost of Sales	___________	Gross Margin	__________
	Total Sales	____________	Total Cost of Sales	___________	Total Gross Margin	__________

B. To pay for changes listed on the Quarterly Business Plan, add the following to the Quarterly Profit and Loss Statement under "Changes in Quarterly Regular Expenses".

Delivery ____________________

Insurance ___________________

Membership Dues _____________

C. __________ *check if applicable* You have almost reached the highest possible level of sales for the number of employees you now have. You must add one part-time employee next quarter if you want your sales to go above _________________.

D. Comments

PROFIT AND LOSS STATEMENT

Year # ______
Business Name ____________________ Quarter # ____
Owners/Managers ____________________

Sales ______

Cost of Sales ______

GROSS MARGIN ______

Quarterly Regular Expenses ______

Changes in Quarterly Regular
Expenses (list)

______________ ______
______________ ______
______________ ______

New Quarterly Regular Expenses ______

Advertising Cost ______

Owners' Salaries # Salaried Owners ____ x $1500 = ______

Employees Wages # Full-Time ____ x $1500 = ______
# Part-Time ____ x $ 750 = ______

Bad Debts (&/or credit card expense)

One-Time, Additional Expenses (list)

______________ ______
______________ ______
______________ ______

Merchants' Association Projects (list)

______________ ______
______________ ______
______________ ______

TOTAL EXPENSES ______

NET INCOME (GROSS MARGIN minus TOTAL EXPENSES) ______

NET INCOME (copy from page 1) ________

CASH ON HAND ________

plus NET INCOME ________

LOAN PAYMENTS

Bank Loan ________
Equipment Loan ________
Other Loan ________

less TOTAL LOAN PAYMENT ________

equals NEW CASH ON HAND ________

NET INCOME ________

less DEPRECIATION ________

less UNPAID SALARIES ________

equals NET PROFIT OR LOSS ________

Note: If you have used up your cash on hand, eliminate or reduce expenses in the following order:

If Incorporated

1. Loan payment to relative or friend.
2. Loan payment to equipment supplier.
3. Loan payment to bank or Owners' salaries.

If Not Incorporated

1. Owners' salaries.
2. Loan payment to relative or friend.
3. Loan payment to equipment supplier.
4. Loan payment to bank.

PROFIT AND LOSS STATEMENT AID

1. Business Name = name of your business

2. Year # = either year 1 or year 2

3. Quarter = 1, 2, 3, or 4

4. Owners/Managers = your names

5. Sales = Total Sales (Sales and Expense Report)

6. Cost of Sales = Total Cost of Sales (Sales and Expense Report)

7. Gross Margin = Total Gross Margin (Sales and Expense Report)

8. Quarterly Regular Expenses = Quarterly Regular Expenses (1st box on Expense Worksheet)

9. blank lines = description and amount of permanent change in quarterly regular expenses (from Summary of Events)

10. New Quarterly Regular Expenses = Quarterly Regular Expenses + Changes (NOTE: This figure will become the Quarterly Regular Expenses on subsequent Profit and Loss Statements)

11. Advertising Cost = Total Cost of Advertising and Promotion (Quarterly Business Plan)

12. Owners' Salaries = # of Salaried Owners x $1500

13. Employees Wages = # Full Time employees x $1500
    # Part Time employees x $ 750

14. Bad Debts = Bad debts or credit card expenses, if any (from Summary of Events)

15. One-Time, Additional Expenses = Descriptions and amounts of additional expenses (from Summary of Events)

16. Merchants' Association Projects = Descriptions and amounts pledged for association projects

17. Total Expenses = Add step 8 through step 16

18. Net Income = Gross Margin (step 7) - Total Expenses (step 17) (if negative, indicate by putting parentheses around the number)

19. Net Income = same as on page 1 (step 18)

20. Cash on Hand = New Cash on Hand from Profit and Loss Statement of previous quarter (if 1st quarter of 1st year, use Cash from Transfer of Ownership Balance Sheet)

21. Net Income = same as step 19

22. Subtotal = Cash on Hand (step 20) + Net Income (step 21)

LOAN PAYMENTS (must be paid in cash)

23. Bank Loan = Quarterly Bank Loan Payment (Business Plan Scoresheet, column 1, line 2)

24. Equipment Loan = Quarterly Equipment Loan Payment (Business Plan Scoresheet, column 2, line 2)

25. Other Loan = Quarterly Loan Payment (Business Plan Scoresheet, column 3, line 2)

26. Total Loan Payment = Bank Loan Payment + Equipment Loan Payment + Other Loan Payment

27. New Cash on Hand = Subtotal (step 22) - Total Loan Payment (step 26) (must be zero or greater)

28. Net Income = same as step 21

29. Depreciation = Quarterly Depreciation (Expense worksheet, last box)

30. Unpaid Salaries = Owners' salaries, if unpaid (Quarterly Business Plan)

31. Net Profit or Loss = Net Income (step 28) - Depreciation (step 29) - Unpaid Salaries (step 30)

CHECK YOUR FIGURES AND YOUR ARITHMETIC BEFORE GOING ON!

SBSG 2

Running a Business

Newspaper

Summary of Events: Quarter 1 (January 1 - March 31), Year 1

A postage increase January 1 raised the cost of mailing each copy of the newspaper to 1¢. If you mail the paper, it costs you $260 more per quarter to distribute the paper, beginning this quarter.

If you offer credit for printing, your bad debts in that department came to $85.

If you offer credit for advertising, your bad debts in that department came to $45.

If you offer credit for subscriptions, your bad debts in that department came to $30.

REMEMBER TO ENTER CHANGES IN QUARTERLY REGULAR EXPENSES ON THE QUARTERLY PROFIT AND LOSS STATEMENT

REMEMBER TO ENTER ONE-TIME EXPENSES UNDER "ONE-TIME, ADDITIONAL EXPENSES" ON THE QUARTERLY PROFIT AND LOSS STATEMENT

SBSG 2

Running a Business

Newspaper

Summary of Events: Quarter 2 (April 1 - June 30), Year 1

One of your reporters was arrested for disturbing the peace while he was trying to interview a city official. You had to post bail and pay a fine for him, which cost you a total of $500.

If you have been getting your newsprint from A-1 Paper Products, you got a batch this quarter that refused to take the ink when you tried to print the paper. You had to do the whole press run over, and the paper was late getting out that week. The cost to you was $800.

If you offer credit for printing, your bad debts in that department came to $85.

If you offer credit for advertising, your bad debts in that department came to $35.

If you offer credit for subscriptions, your bad debts in that department came to $40.

REMEMBER TO ENTER EXPENSES ON QUARTERLY PROFIT AND LOSS STATEMENT

SBSG 2

Running a Business

Newspaper

Summary of Events: Quarter 3 (July 1 - September 30), Year 1

Your newspaper has won an award, and as a result both circulation and advertising income have increased. Your sales are up $5000 this quarter because of the award. (This amount is included in the sales report you received for the quarter.)

Urban renewal has started in the 3800 and 3900 blocks of Main Street. The buildings on the south side of the street are being torn down in those blocks. A high rise apartment building for the elderly is going to be built in the 3900 block, while a new community center will be built in the 3800 block. Both buildings are expected to be completed by next July.

If you offer credit for printing, your bad debts in that department came to $90.

If you offer credit for advertising, your bad debts in that department came to $50.

If you offer credit for subscriptions, your bad debts in that department came to $25.

REMEMBER TO ENTER EXPENSES ON QUARTERLY PROFIT AND LOSS STATEMENT.

SBSG 2

Running a Business

Newspaper

Summary of Events: Quarter 4 (October 1 - December 31), Year 1

The printers' union threatened a strike at the beginning of the Quarter. You avoided a strike by agreeing to their requested wage increase. Beginning this quarter you have to pay $250 more each quarter for each printer. (You can assume that none of the new employees you have added since taking over the business are printers.)

The effect of your award is still being felt on your sales. The increase it has caused is included in your sales report for the quarter.

If you offer credit for printing, your bad debts in that department came to $100.

If you offer credit for advertising, your bad debts in that department came to $40.

If you offer credit for subscriptions, your bad debts in that department came to $20.

REMEMBER TO ENTER EXPENSES ON QUARTERLY PROFIT AND LOSS STATEMENT

SBSG 2

Running a Business

Newspaper

Summary of Events: Quarter 1 (January 1 - March 31), Year 2

Utility rates went up 10% January 1. Beginning this quarter, it costs you an extra $50.00 per quarter for the utilities.

A new newspaper supplier, Grindon News Supply, has opened in Calverton. Their prices are lower than Calverton's or Central's, their quality about the same as Calverton's. They offer early payment discounts and same-day delivery service on most orders. Their salesman has contacted you three times.

If you offer credit for printing, your bad debts in that department came to $75.

If you offer credit for advertising, your bad debts in that department came to $30.

If you offer credit for subscriptions, your bad debts in that department came to $40.

REMEMBER TO ENTER EXPENSES ON QUARTERLY PROFIT AND LOSS STATEMENT

SBSG 2

Running a Business

Newspaper

Summary of Events: Quarter 2 (April 1 - June 30), Year 2

If you are still getting your newsprint from A-1, another batch was bad last week. This time it got stuck in the press and delayed the paper a full day. The total cost for re-running the paper, fixing the press, and rushing delivery of the paper came to $2000.

The West Side Shopper went out of business at the end of March. You have begun to get some new advertising business as a result, which has increased your sales to $500. (This amount is included in your sales report for the quarter.)

If you offer credit for printing, your bad debts in that department came to $60.

If you offer credit for advertising, your bad debts in that department came to $35.

If you offer credit for subscriptions, your bad debts in that department came to $40.

REMEMBER TO ENTER EXPENSES ON QUARTERLY PROFIT AND LOSS STATEMENT

SBSG 2

Running a Business

Newspaper

Summary of Events: Quarter 3 (July 1 - September 30), Year 2

The high rise apartment building for the elderly in the 3900 block of Main opened in mid-August. There are now 350 people living there, with another 150 expected to move in during the winter. Most of the residents are low or middle income, and only a few have cars.

One of your reporters was involved in an automobile accident while hurrying to cover a story. No one was hurt, but quite a bit of damage was done to both cars. If you have automobile insurance, all but $50.00 of the damage is covered. If not, it costs you $3500.

If you offer credit for printing, your bad debts in that department came to $60.

If you offer credit for advertising, your bad debts in that department came to $40.

If you offer credit for subscriptions, your bad debts in that department came to $30.

New advertising business from the Shopper came to $1000 this quarter. (Included in sales report for the quarter.)

REMEMBER TO ENTER EXPENSES ON QUARTERLY PROFIT AND LOSS STATEMENT.

SBSG 2

Running a business

Newspaper

Summary of Events: Quarter 4 (October 1 - December 31), Year 2

You continue to get more advertising business from the West Side Shopper. This quarter it came to $900. (Included in sales report for the quarter.)

There was a severe windstorn in early October, and your plate glass window was smashed. If you have glass insurance, the damage was paid for; if not, it cost you $275.

If you offer credit for printing, your bad debts in that department came to $50.

If you offer credit for advertising, your bad debts in that department came to $45.

If you offer credit for subscriptions, your bad debts in that department came to $35.

REMEMBER TO ENTER EXPENSES ON QUARTERLY PROFIT AND LOSS STATEMENT

SBSG 2

Running a Business

Florist

Summary of Events: Quarter 1 (January 1 - March 31), Year 1

The cost of gasoline rose 5% during the quarter. As a result, your cost of delivery has gone up 5%. Beginning this quarter, it now costs you $75.00 per year ($18.75 per quarter) to deliver.

The women's clothing store next door to you is having a "Going out of Business" sale. Valentine's Day sales added $500 to your sales this quarter. (This amount is included in the sales figure you received from the Administrator.)

If you offer store credit, your bad debts came to $35.

If you accept credit cards, cost of credit card service was .5% of total sales.

REMEMBER TO ENTER CHANGES IN QUARTERLY REGULAR EXPENSES ON THE QUARTERLY PROFIT AND LOSS STATEMENT

REMEMBER TO ENTER ONE-TIME EXPENSES UNDER "ONE-TIME, ADDITIONAL EXPENSES" ON THE QUARTERLY PROFIT AND LOSS STATEMENT

SBSG 2

Running a Business

Florist

Summary of Events: Quarter 2 (April 1 - June 30), Year 1

Mother's Day and Memorial Day sales added $1500 to your sales this quarter. (This amount is included in the sales figure you received from the Administrator.)

A wedding consultant firm has moved in next door to you. They sell wedding clothes and coordinate entire weddings and wedding receptions. They do not provide the catering, photography, and flowers themselves, but handle the arrangements with other firms to provide these services. They approach you about handling the flowers for their weddings; they would collect the money from clients and then pay you for your services. You would receive your regular price for the flowers.

If you offer store credit, your bad debts came to $55.

If you accept credit cards, cost of credit card service was .8% of total sales.

REMEMBER TO ENTER EXPENSES ON QUARTERLY PROFIT AND LOSS STATEMENT

SBSG 2

Running a Business

Florist

Summary of Events: Quarter 3 (July 1 - September 30), Year 1

If you entered into the arrangement with the wedding consultant service, you have received $2000 in extra sales this quarter as a result. (This figure is included in the sales figure you received from the Administrator.)

Urban renewal has started in the 3800 and 3900 blocks of Main Street. The buildings on the south side of the street are being torn down in those blocks. A high rise apartment building for the elderly is going to be built in the 3900 block, while a new community center will be built in the 3800 block. Both buildings are expected to be completed by next July.

If you offer store credit, your bad debts came to $50.

If you accept credit cards, cost of credit card service was .4% of total sales.

REMEMBER TO ENTER EXPENSES ON QUARTERLY PROFIT AND LOSS STATEMENT

SBSG 2

Running a Business

Florist

Summary of Events: Quarter 4 (October 1 - December 31), Year 1

A new cut-rate flower shop has opened on Gramercy just north of Washington. They specialize in inexpensive cut flowers and flower arrangements. Their work is quickly done, using low quality flowers and cheap materials. They have done most of their advertising in the newspapers--college, community, and city. Sales of seasonal Christmas plants added $1500 to your sales this quarter. (This amount is included in the sales figure you received from the Administrator.)

If you have an arrangement with the wedding consultant service, you received $2400 in extra sales this quarter as a result. (This amount is included in the sales figure you received from the Administrator.)

If you offer store credit, your bad debts came to $75.

If you accept credit cards, cost of credit card service was .6% of total sales.

REMEMBER TO ENTER EXPENSES ON QUARTERLY PROFIT AND LOSS STATEMENT

SBSG 2

Running a Business

Florist

Summary of Events: Quarter 1 (January 1 - March 31), Year 2

Utility rates went up 10% January 1. Starting this quarter, it now costs you an extra $25 per quarter for utilities.

Valentine's Day sales added an extra $750 to your sales this quarter. (This amount is included in the sales figure you received from the Administrator.)

If you have an arrangement with the wedding consultant service, you received $2000 in extra sales this quarter as a result. (This amount is included in the sales figure you received from the Administrator.)

A new florists' supply company has opened in Calverton. Called Power's Flower Supplies, they have prices lower than Quincy's, with quality comparable to McCoy's. They offer daily delivery, but no discounts of any kind. Their salesman has called on you several times.

If you offer store credit, your bad debts came to $40.

If you accept credit cards, cost of credit card service was .4% of total sales.

REMEMBER TO ENTER EXPENSES ON QUARTERLY PROFIT AND LOSS STATEMENT

SBSG 2

Running a Business

Florist

Summary of Events: Quarter 2 (April 1 - June 30), Year 2

Your delivery truck broke down in early June. It cost $300 to fix it, and you had to pay an independent delivery company $200 to make your deliveries while it was in the garage.

Mother's Day and Memorial Day sales added $1700 to your sales this quarter. (This amount is included in the sales figure received from the Administrator.)

If you have an arrangement with the wedding consultant service, you received $3000 in extra sales this quarter as a result. (This amount is included in the sales figure received from the Administrator.)

If you offer store credit, your bad debts came to $75.

If you accept credit cards, cost of credit card service was .8% of total sales.

REMEMBER TO ENTER EXPENSES ON YEARLY PROFIT AND LOSS STATEMENT

SBSG 2

Running a Business

Florist

Summary of Events: Quarter 3 (July 1 - September 30), Year 2

The high rise apartment building for the elderly in the 3900 block of Main opened in mid-Aug. There are now 350 people living there, with another 150 expected to move in during the winter. Most of the residents are low or middle income, and only a few have cars.

A customer walked through your plate glass door in early August. The door was smashed, and the customer was severely cut. He is now suing you for damages. If you have liability insurance, his claim is covered; if not, it will cost you $10,000. If you have glass insurance, the cost of replacing the door was covered; if not, it cost you $150.

If you have an arrangement with the wedding consultant service, you received $2500 in extra sales this quarter as a result. (This amount is included in the sales figure you received from the Administrator.)

If you offer store credit, your bad debts came to $90.

If you accept credit cards, cost of credit card service was .3% of total sales.

REMEMBER TO ENTER EXPENSES ON QUARTERLY PROFIT AND LOSS STATEMENT

SBSG 2

Running a Business

Florist

Summary of Events: Quarter 4 (October 1 - December 31), Year 2

There was a severe windstorm in early Oct., and your plate glass window was broken. If you have glass insurance, the damage was covered. If not, it cost you $275 to replace the glass.

Sales of seasonal Christmas plants added $1750 to your sales this quarter. (This amount is included in the sales figure you received from the Administrator.)

If you have an arrangement with the wedding consultant service, you received $2600 in extra sales this quarter as a result. (This amount is included in the sales figure you received from the Administrator.)

If you offer store credit, your bad debts came to $75.

If you accept credit cards, cost of credit card service was .4% of total sales.

REMEMBER TO ENTER EXPENSES ON QUARTERLY PROFIT AND LOSS STATEMENT

SBSG 2

Running a Business

Wholesale Stationery

Summary of Events: Quarter 1 (January 1 - March 31), Year 1

The cost of gasoline rose 5% during the quarter. As a result, your cost of delivery has gone up 5%. Beginning this quarter, it now costs you an extra $75 per year ($18.75 per quarter) to deliver.

The pharmacy at Main & Smith Streets was burglarized in early February. $500 in cash was taken, along with a large quantity of drugs and some other small items.

If you offer store credit, your bad debts came to $75.

REMEMBER TO ENTER CHANGES IN QUARTERLY REGULAR EXPENSES ON THE QUARTERLY PROFIT AND LOSS STATEMENT

REMEMBER TO ENTER ONE-TIME EXPENSES UNDER "ONE-TIME, ADDITIONAL EXPENSES" ON THE QUARTERLY PROFIT AND LOSS STATEMENT

SBSG 2

Running a Business

Wholesale Stationery

Summary of Events: Quarter 2 (April 1 - June 30), Year 1

Your forklift needed repairs in early May. Cost of repairs came to $150.

The university ordered a large quantity of office supplies from you. This order added $3500 to your sales this quarter. (This amount is reflected in the sales figure you received from the Administrator.)

If you offer store credit, your bad debts came to $90.

REMEMBER TO ENTER EXPENSES ON QUARTERLY PROFIT AND LOSS STATEMENT

SBSG 2

Running a Business

Wholesale Stationery

Summary of Events: Quarter 3 (July 1 - September 30), Year 1

Fred's Bakery was burglarized in early September. $200 in cash, a typewriter, an electric calculator, and $500 in checks were stolen.

Urban renewal has started in the 3800 and 3900 blocks of Main Street. The buildings on the south side of the street are being torn down in those blocks. A high rise apartment building for the elderly is going to be built in the 3900 block, while a new community center will be built in the 3800 block. Both buildings are expected to be completed by next July.

If you offer store credit, your bad debts came to $125.

REMEMBER TO ENTER EXPENSES ON QUARTERLY PROFIT AND LOSS STATEMENT

SBSG 2

Running a Business

Wholesale Stationery

Summary of Events: Quarter 4 (October 1 - December 31), Year 1

A new large stationery wholesaler has opened in Calverton. They are called Apex Wholesale Stationery, and they specialize in supplying smaller wholesalers. Their prices are lower than Statewide's, but higher than the manufacturers'. They offer quantity and early payment discounts and will sell in small quantities. Delivery usually takes two days. The quality of their merchandise is about the same as Statewide's.

Because the Christmas season causes a higher demand for stationery products, the holidays added $3000 to your sales this quarter. (This amount is reflected in the sales figure you received from the Administrator.)

If you offer store credit, your bad debts came to $95.

REMEMBER TO ENTER EXPENSES ON QUARTERLY PROFIT AND LOSS STATEMENT

SBSG 2

Running a Business

Wholesale Stationery

Summary of Events: Quarter 1 (January 1 - March 31), Year 2

Utility rates went up 10% January 1. Starting this quarter, it now costs you an extra $25.00 per quarter for utilities.

One of your employees fell off a ladder while reaching for a box of mimeograph stencils on a high shelf. He broke his wrist and injured his back and was in the hospital for several weeks. He finally quit his job; you have since replaced him. Now he is suing you for damages. If you have liability insurance, his claim is covered. If not, it will cost you $15,000.

If you offer store credit, your bad debts came to $80.

REMEMBER TO ENTER EXPENSES ON QUARTERLY PROFIT AND LOSS STATEMENT

SBSG 2

Running a Business

Wholesale Stationery

Summary of Events: Quarter 2 (April 1 - June 30), Year 2

Eastside Stationery has gone out of business. The owner decided to retire and was unable to find a buyer for the business. Some of their former customers have started buying from Calverton Stationery, but a number of them have not yet found a permanent supplier. Many of these are on the west side of town.

The university again ordered a large quantity of office supplies from you, adding $4000 to your sales this quarter. (This amount is reflected in your sales figure for the quarter.)

If you offer store credit, your bad debts came to $125.

REMEMBER TO ENTER EXPENSES ON QUARTERLY PROFIT AND LOSS STATEMENT

SBSG 2

Running a Business

Wholesale Stationery

Summary of Events: Quarter 3 (July 1 - September 30), Year 2

The high rise apartment building for elderly in the 3900 block of Main opened in mid-August. There are now 350 people living there, with another 150 expected to move in during the winter. Most of the residents are low or middle income, and only a few have cars.

A new stationery store has opened in the 3900 block of Washington, where the gift shop used to be. They specialize in greeting cards, gift wrap, and personal stationery.

If you offer store credit, your bad debts came to $65.

REMEMBER TO ENTER EXPENSES ON QUARTERLY PROFIT AND LOSS STATEMENT

SBSG 2

Running a Business

Wholesale Stationery

Summary of Events: Quarter 4 (October 1 - December 31), Year 2

There was a severe windstorm in early October, and a tree blew over on your delivery truck, which was parked at the time. The truck was severly damaged; if you have automobile insurance, the loss was covered. If not, it cost you $3000 to replace the truck.

The Christmas rush has added $3500 to your sales this quarter. (This amount is reflected in your sales figure for the quarter.)

If you offer store credit, your bad debts came to $75.

REMEMBER TO ENTER EXPENSES ON QUARTERLY PROFIT AND LOSS STATEMENT

SBSG 2

Running a Business

Bakery

Summary of Events: Quarter 1 (January 1 - March 31), Year 1

Two potential restaurant customers have recently opened: a small restaurant in Brentwood and a large, expensive French restaurant downtown.

During the quarter, the cost of gasoline rose 5%. As a result, beginning this quarter, your cost of delivery has gone up 5%. If you offer daily delivery, it now costs you an extra $600 per year ($150 per quarter) to deliver. If you offer delivery every other day, it costs you an extra $400 per year ($100 per quarter).

The pharmacy at Main & Smith Streets was burglarized in early February. $500 in cash was taken, along with a large quantity of drugs and some other small items.

If you offer store credit, your bad debts came to $775.

REMEMBER TO ENTER CHANGES IN QUARTERLY REGULAR EXPENSES ON THE QUARTERLY PROFIT AND LOSS STATEMENT

REMEMBER TO ENTER ONE-TIME EXPENSES UNDER "ONE-TIME, ADDITIONAL EXPENSES" ON THE QUARTERLY PROFIT AND LOSS STATEMENT

SBSG 2

Running a Business

Bakery

Summary of Events: Quarter 2 (April 1 - June 30), Year 1

White Cloud Bakery has gone out of business. The bakery simply closed down, and the building is now up for sale. Their former restaurant customers are now buying their submarine sandwich rolls from a bakery 60 miles away. The reason given for their closing was that their largest customer, a small independent chain of supermarkets, opened their own bakery.

The beginning of the summer picnic season increased your sales substantially this quarter. (This fact is reflected in the sales figure you received from the Administrator.)

If you offer store credit, your bad debts came to $650.

REMEMBER TO ENTER EXPENSES ON QUARTERLY PROFIT AND LOSS STATEMENT

SBSG 2

Running a Business

Bakery

Summary of Events: Quarter 3 (July 1 - September 30), Year 1

Your office was burglarized in early September. $200 in cash, a typewriter, an electric calculator, and $500 in checks were stolen. If you have crime insurance, the loss was covered by that. If not, the burglary cost you $800.

The continuing summer picnic season has kept your sales up, as reflected in the sales figure you received this quarter.

Urban renewal has started in the 3800 and 3900 blocks of Main Street. The buildings on the south side of the street are being torn down in those blocks. A high rise apartment building for the elderly is going to be built in the 3900 block, while a new community center will be built in the 3800 block. Both buildings are expected to be completed by next July.

If you offer store credit, your bad debts came to $1000.

REMEMBER TO ENTER EXPENSES ON QUARTERLY PROFIT AND LOSS STATEMENT

SBSG 2

Running a Business

Bakery

Summary of Events: Quarter 4 (October 1 - December 31), Year 1

If you buy your white flour from Metro Bakery Suppliers, you received one batch this quarter that was full of weevils. The supplier refused to replace it, and you could not use it. The cost to you was $350.

A new bakery has opened in White Cloud's building. This one is called Old Mill; it specializes in stone-ground whole wheat and rye breads made without preservatives. It has been selling mostly to grocery stores and has placed its products with two large chains. Its prices are high, its products high quality. It has done very little advertising.

If you offer store credit, your bad debts came to $700.

REMEMBER TO ENTER EXPENSES ON QUARTERLY PROFIT AND LOSS STATEMENT

SBSG 2

Running a Business

Bakery

Summary of Events: Quarter 1 (January 1 - March 31), Year 2

Utility rates went up 10% January 1. Starting this quarter, it now costs you an extra $250.00 per quarter for utilities.

Another potential restaurant customer has opened about three miles away. This one is a small restaurant much like the one that recently opened in Homeleigh.

If you offer store credit, your bad debts came to $600.

If you are still getting your white flour from Metro, you received another weevily batch this quarter, at a cost of $400.

REMEMBER TO ENTER EXPENSES ON QUARTERLY PROFIT AND LOSS STATEMENT

SBSG 2

Running a Business

Bakery

Summary of Events: Quarter 2 (April 1 - June 30), Year 2

You got the business of the new restaurant that opened last quarter. This new customer added $1800 to your business this quarter. (Included in the sales figure from the Administrator.)

Summer picnic season has again caused your sales to climb. (Included in sales figure from Administrator.)

A large wheat cooperative is trying to increase its business in Calverton. They sell white and whole wheat flour for the same price as Ferdinand's; their quality is about the same also. They will do $500 worth of advertising for you if you let them supply you for just one quarter. They deliver on order and offer a larger quantity discount than any other supplier.

If you offer store credit, your bad debts came to $500.

REMEMBER TO ENTER EXPENSES ON QUARTERLY PROFIT AND LOSS STATEMENT

SBSG 2

Running a Business

Bakery

Summary of Events: Quarter 3 (July 1 - September 30), Year 2

The Old Mill Bakery has closed down; their high prices and lack of advertising kept them from capturing a large enough portion of the market to survive.

Summer picnic season has continued to keep your sales high. (Included in sales figure from Administrator.)

The high rise apartment building for the elderly in the 3900 block of Main opened in mid-August. There are now 350 people living there, with another 150 expected to move in during the winter. Most of the residents are low or middle income, and only a few have cars.

The bakers' union went on strike for three days in early July. You settled with them quickly enough to prevent serious damage to business, but you now have to pay $100 more per quarter for each full-time baker, starting this quarter. (You can assume that any new employees you have added since taking over the business are bakers.)

If you offer credit, your bad debts came to $675.

REMEMBER TO ENTER EXPENSES ON QUARTERLY PROFIT AND LOSS STATEMENT

SBSG 2

Running a Business

Bakery

Summary of Events: Quarter 4 (October 1 - December 31), Year 2

There was a severe windstorm in early October, and your roof was seriously damaged. If you have fire insurance, the damage was paid for; if not, it cost you $1800.

If you offer store credit, your bad debts came to $700.

REMEMBER TO ENTER EXPENSES ON QUARTERLY PROFIT AND LOSS STATEMENT

SBSG 2

Running a Business

Restaurant

Summary of Events: Quarter 1 (January 1 - March 31), Year 1

If you have been getting your meat from Mid-City Restaurant Supply, its quality has been steadily declining over the past few weeks. You have complained to the salesman several times, but he claims there is nothing he can do. "I can only sell what I get," he says.

One of your employees is very clumsy and has broken six plates, three glasses, and two cups; in addition, you have lost some silverware to sticky-fingered customers. Total cost of replacement: $100.

If you offer store credit, your bad debts came to $85.

If you accept credit cards, the cost of credit card service was .8% of total sales.

REMEMBER TO ENTER CHANGES IN QUARTERLY REGULAR EXPENSES ON THE QUARTERLY PROFIT AND LOSS STATEMENT

REMEMBER TO ENTER ONE-TIME EXPENSES UNDER "ONE-TIME, ADDITIONAL EXPENSES" ON THE QUARTERLY PROFIT AND LOSS STATEMENT

SBSG 2

Running a Business

Restaurant

Summary of Events: Quarter 2 (April 1 - June 30), Year 1

A representative of a new restaurant supplier, Bowman's Restaurant Supply, visits you. They offer a basic selection of all types of food, but no other supplies. Their introductory prices are lower than any other comprehensive supplier's, but still higher than the specialized suppliers'. Their quality is on a par with Lone Pine's. They sell on a cash basis only, offer same-day delivery service, and will special order items they do not have in stock.

Cost of lost and broken silverware and dishes was $75.00 during the last quarter.

If you offer store credit, your bad debts came to $100.

If you accept credit cards, the cost of credit card service was 1% of total sales.

REMEMBER TO ENTER EXPENSES ON QUARTERLY PROFIT AND LOSS STATEMENT

SBSG 2

Running a Business

Restaurant

Summary of Events: Quarter 3 (July 1 - September 30), Year 1

You received a favorable write-up in the city newspaper's restaurant review column, and business is up sharply as a result. Many of your new customers are from outside of the Homeleigh area, and most have seemed pleased with your food, service, and atmosphere. (The increased sales are reflected in the sales figures you received from the Administrator.)

Cost of broken and lost silverware and dishes was $75.00.

Urban renewal has started in the 3800 and 3900 blocks of Main Street. The buildings on the south side of the street are being torn down in those blocks. A high rise apartment building for the elderly is going to be built in the 3900 block, while a new community center will be built in the 3800 block. Both buildings are expected to be completed by next July.

If you offer store credit, your bad debts came to $115.

If you accept credit cards, the cost of credit card service was .6% of total sales.

REMEMBER TO ENTER EXPENSES ON QUARTERLY PROFIT AND LOSS STATEMENT

SBSG 2

Running a Business

Restaurant

Summary of Events: Quarter 4 (October 1 - December 31),Year 1

In late November one of your cooks left a pan with butter in it on the stove while he was talking to another employee. The pan caught fire and scorched part of the kitchen. If you have fire insurance, you are covered for the loss. If not, the fire cost you $1,600.

Business is still apparently being increased by the favorable newspaper review.

Cost of broken and lost silverware and dishes was $25.

If you offer store credit, your bad debts came to $85.

If you accept credit cards, the cost of credit card service was .8% of total sales.

REMEMBER TO ENTER EXPENSES ON QUARTERLY PROFIT AND LOSS STATEMENT

SBSG 2

Running a Business

Restaurant

Summary of Events: Quarter 1 (January 1 - March 31), Year 2

Utility rates went up 10% January 1. Starting this quarter, it now costs you an extra $37.50 per quarter for utilities.

Another restaurant specializing in some of the same type of food as you has opened in a business district about three miles away, on the other side of the university campus. They have been doing most of their advertising in the university newspaper and one of the city papers.

The newspaper review is still affecting your sales. Customers who started coming after reading the review are still coming, and occasionally new customers mention the review.

Cost of broken and lost silverware and dishes was $50.

If you offer store credit, your bad debts came to $75.

If you accept credit cards, the cost of credit card service was .7% of total sales.

REMEMBER TO ENTER EXPENSES ON QUARTERLY PROFIT AND LOSS STATEMENT

SBSG 2

Running a Business

Restaurant

Summary of Events: Quarter 2 (April 1 - June 30), Year 2

A national automobile club has listed you in its guidebooks. Business has gone up substantially since the listing came out; most of the increase seems to be from out-of-town visitors passing through.

Your freezer broke down in early May. You lost $55 worth of meat to spoilage, and the repairs cost $100.

Cost of broken and lost silverware and dishes was $60.

If you offer store credit, your bad debts came to $110.

The new restaurant across the campus received a bad review in the city newspaper's restaurant review column. You were mentioned favorably in the same review, and several people have commented on it since.

If you accept credit cards, the cost of credit card service was 1% of total sales.

REMEMBER TO ENTER EXPENSES ON QUARTERLY PROFIT AND LOSS STATEMENT

SBSG 2

Running a Business

Restaurant

Summary of Events: Quarter 3 (July 1 - September 30), Year 2

The high rise apartment building for the elderly in the 3900 block of Main opened in mid-August. There are now 350 people living there, with another 150 expected to move in during the winter. Most of the residents are low or middle income, and only a few have cars.

Sales were apparently increased again this quarter by the listing in the guidebook. Many out-of-town visitors came to your restaurant during the summer.

Cost of broken and lost silverware and dishes came to $80.

If you offer store credit, your bad debts came to $120.

If you accept credit cards, the cost of credit card service was .8% of total sales.

REMEMBER TO ENTER EXPENSES ON QUARTERLY PROFIT AND LOSS STATEMENT

SBSG 2

Running a Business

Restaurant

Summary of Events: Quarter 4 (October 1 - December 31), Year 2

There was a severe windstorm in early October, and your front plate glass window was broken. If you have glass insurance, the loss was covered. If not, it cost you $275 to replace the window.

The guidebook listing continues to affect sales favorably.

Cost of broken and lost silverware and dishes came to $65.

If you offer store credit, your bad debts came to $100.

If you accept credit cards, the cost of credit card service was .7% of total sales.

REMEMBER TO ENTER EXPENSES ON QUARTERLY PROFIT AND LOSS STATEMENT

SBSG 2

Running a Business

Dry Cleaner

Summary of Events: Quarter 1 (January 1 - March 31), Year 1

One of your dry-cleaning machines broke down in the middle of February. Cost of repairs came to $125. The repairman said the machine shouldn't give you any more trouble for a while.

The cost of gasoline rose 5% during the quarter. As a result, your cost of delivery has gone up 5%. Beginning this quarter, it costs you an extra $50 per year ($12.50 per quarter) to deliver.

If you offer store credit, your bad debts came to $45.

REMEMBER TO ENTER CHANGES IN QUARTERLY REGULAR EXPENSES ON THE QUARTERLY PROFIT AND LOSS STATEMENT

REMEMBER TO ENTER ONE-TIME EXPENSES UNDER "ONE-TIME, ADDITIONAL EXPENSES" ON THE QUARTERLY PROFIT AND LOSS STATEMENT

SBSG 2

Running a Business

Dry Cleaner

Summary of Events: Quarter 2 (April 1 - June 30), Year 1

Jiffy-Clean has started advertising overnight dry-cleaning service, at 20% more than their price for regular service.

A customer slipped in your doorway one rainy day in April and hurt her back. She is suing you for damages. If you have liability insurance, it will pay her claim. If not, you will have to pay $5000.

If you offer store credit, your bad debts came to $65.

REMEMBER TO ENTER EXPENSES ON QUARTERLY PROFIT AND LOSS STATEMENT

SBSG 2

Running a Business

Dry Cleaner

Summary of Events: Quarter 3 (July 1 - September 30), Year 1

The high school brought all of their band uniforms to you for cleaning. This gave you an extra $450 in sales this quarter. (This amount is included in the sales report you received for the quarter.)

A new supplier of cleaning chemicals and supplies has opened in town. It calls itself Downtown Discount. Downtown's prices are lower than anyone else's, but their quality is also lower. Their salesman has called on you several times, trying to get you to buy from them.

If you offer store credit, your bad debts came to $65.

Urban renewal has started in the 3800 and 3900 blocks of Main Street. The buildings on the south side of the street are being torn down in those blocks. A high rise apartment building for the elderly is going to be built in the 3900 block, while a new community center will be built in the 3800 block. Both buildings are expected to be completed by next July.

REMEMBER TO ENTER EXPENSES ON QUARTERLY PROFIT AND LOSS STATEMENT

SBSG 2

Running a Business

Dry Cleaner

Summary of Events: Quarter 4 (October 1 - December 31), Year 1

One of your employees was smoking while putting chemicals in one of your machines and started a fire. It was quickly put out and did not close the store, but it did damage the machine and destroy the clothes that were being cleaned. If you have fire insurance, the cost of the damage was covered. If not, it cost you $3000.

Several customers have asked if you offer storage for out-of-season clothes. You draw up plans for a storage area and find that it would cost you $1000 to build according to your plans.

If you offer store credit, your bad debts came to $50.

REMEMBER TO ENTER EXPENSES ON QUARTERLY PROFIT AND LOSS STATEMENT

SBSG 2

Running a Business

Dry Cleaner

Summary of Events: Quarter 1 (January 1 - March 31), Year 2

Utility rates went up 10% January 1. Beginning this quarter, it now costs you an extra $37.50 per quarter for utilities.

If you started buying supplies from Downtown Discount, you recently received a bad batch of chemicals from them. When you used them, they ruined a load of clothes and damaged the machine. Total cost to you: $1200.

If you offer store credit, your bad debts came to $75.

REMEMBER TO ENTER EXPENSES ON QUARTERLY PROFIT AND LOSS STATEMENT

SBSG 2

Running a Business

Dry Cleaner

Summary of Events: Quarter 2 (April 1 - June 30), Year 2

There has been a suede craze in Brentwood. You have the experience and equipment to clean suede, and you are the only dry cleaner in Homeleigh that does. As a result, your business is up substantially this quarter. (This sales increase is included in the sales report you received for the quarter.)

If you deliver, your delivery truck broke down the middle of May. You were able to get it fixed right away, so it didn't affect business, but the cost of the repairs came to $120.

If you offer store credit, your bad debts came to $60.

REMEMBER TO ENTER EXPENSES ON QUARTERLY PROFIT AND LOSS STATEMENT

SBSG 2

Running a Business

Dry Cleaner

Summary of Events: Quarter 3 (July 1 - Setpember 30), Year 2

The high rise apartment building for the elderly in the 3900 block of Main Street opened in mid-August. There are now 350 people living there, with another 150 expected to move in during the winter. Most of the residents are low or middle income, and only a few have cars.

The high school brought their band uniforms to you for cleaning again. This year it added $475 to your sales this quarter. (This amount is included in the sales figure given to you by the Administrator.)

If you offer store credit, your bad debts came to $70.

Business is still up because of the suede craze.

REMEMBER TO ENTER EXPENSES ON QUARTERLY PROFIT AND LOSS STATEMENT

SBSG 2

Running a Business

Dry Cleaner

Summary of Events: Quarter 4 (October 1 - December 31), Year 2

There was a severe windstorm in early October, and your plate glass window was broken. If you have glass insurance, the damage was paid for. If not, it cost you $275 to replace the glass.

The owners of the office building across the street brought all of their drapes to you to be cleaned during this quarter. The job brought you a total of $1000 extra in sales. (This amount is included in the sales figure given to you by the Administrator.)

If you offer store credit, your bad debts came to $55.

REMEMBER TO ENTER EXPENSES ON QUARTERLY PROFIT AND LOSS STATEMENT

SBSG 2

Running a Business

Information from Chamber of Commerce

Quarter 1, Year 1 (January 1 - March 30)

The city has started a new program to improve street lighting. New, brighter street lights are being installed in the downtown area. Several outlying areas of the city have petitioned for bond issues to install the brighter street lights in their sections of town. Areas in which brighter street lights have been installed have experienced increased sales and decreased crime of all types.

Cooperative advertising has been increasing in popularity among merchants in recent years. The most effective media for use in cooperative advertising are newspapers, radio, television, and flyers or direct mail advertising. Cooperative advertising for an entire business district can be used to reach a much larger market area than a single business would want to approach. Especially if it is advertising for a special event, it can be used to draw outsiders into the business district.

SBSG 2

Running a Business

Information from Chamber of Commerce

Quarter 2, Year 1 (April 1 - June 30)

Urban renewal will begin in July in the 3800 and 3900 blocks of Main Street. A high rise apartment building for the elderly will be built in the 3900 block, and a new community center will be built in the 3800 block. Construction will take about a year.

SBSG 2

Running a Business

Information from Chamber of Commerce

Quarter 4, Year 1 (October 1 - December 31)

Seasonal community celebrations and decorations have been used successfully by many business districts to increase sales by drawing more customers into the area. The expense of the celebration or decorations is usually more than made up for by the increase in sales that follows such an effort.

SBSG 2

Running a Business

Information from Chamber of Commerce

Quarter 3, Year 2 (July 1 - September 30)

Community beautification projects, including such projects as benches, hanging baskets, and new sidewalks, have been effectively used by many business districts to draw more customers into the area, thereby increasing sales. Although rather large initial expenditures are often needed, the long-range benefits usually more than make up for whatever must be spent.

SBSG 2

Running a Business

Newspaper

Information from Trade Association, Quarter 2, Year 1 (April 1 - June 30)

Research has shown that the most effective advertising media for small community newspapers are advertisements in their own paper and flyers or direct mail advertising.

SBSG 2

Running a Business

Newspaper

Information from Trade Association, Quarter 4, Year 1 (October 1 - December 31)

Research has shown that promotions concentrating on individual apartment buildings, especially new ones, can add substantially to circulation.

SBSG 2

Running a Business

Newspaper

Information from Trade Association, Quarter 2, Year 2 (April 1 - June 30)

Research has shown that the elderly read newspapers, especially community papers, more than any other age group.

SBSG 2

Running a BUsiness

Newspaper

Information from Trade Association, Quarter 3, Year 2 (July 1 - September 30)

Most community newspapers should sponsor at least one community-oriented promotion per year.

SBSG 2

Running a Business

Florist

Information from Trade Association, Quarter 2, Year 1 (April 1 - June 30)

Many florists have entered into very profitable arrangements with wedding consulting firms. If the firm is reputable, in a good location, and aimed at the right market, such an arrangement can greatly benefit a florist with an interest in doing wedding flowers.

SBSG 2

Running a Business

Florist

Information from Trade Association, Quarter 3, Year 1 (July 1 - September 30)

Research has shown that the most effective advertising media for small florists of your type are community newspapers, college newspapers, and flyers or direct mail.

SBSG 2

Running a Business

Florist

Information from Trade Association, Quarter 4, Year 1 (October 1 - December 31)

Although the number of flower shops emphasizing low price has grown in recent years, the high quality, higher priced florist still accounts for the highest percentage of sales in the industry. The different types are aimed at different markets.

SBSG 2

Running a Business

Florist

Information from Trade Association, Quarter 3, Year 2 (July 1 - September 30)

Elderly people are more likely than young people to buy flower arrangements for hospital and funeral use and for gifts and entertainment. They tend to favor arrangements over cut flowers, but often buy growing plants.

SBSG 2

Running a Business

Wholesale Stationery

Information from Trade Association, Quarter 1, Year 1 (Jan. 1 - March 31)

The most successful wholesale stationers do not try to sell to all types of customers, but concentrate on a particular type--either retail stores or general businesses. Sometimes they sell to both, but concentrate on a particular geographic area.

SBSG 2

Running a Business

Wholesale Stationery

Information from Trade Association, Quarter 2, Year 1 (April 1 - June 30)

Research has shown that the most effective advertising media for small wholesale stationers are flyers or direct mail and specialties.

SBSG 2

Running a Business

Wholesale Stationery

Information from Trade Association, Quarter 3, Year 1 (July 1 - September 30)

Better street lighting in the neighborhood of wholesale businesses tends to reduce burglaries, as well as street crime.

SBSG 2

Running a Business

Wholesale Stationery

Information from Trade Association, Quarter 2, Year 2 (April 1 - June 30)

One of the best ways for wholesale stationers to increase business is to call upon or send advertisements to specific groups of potential customers.

SBSG 2

Running a Business

Bakery

Information from Trade Association, Quarter 2, Year 1 (April 1 - June 30)

Research has shown that the most effective advertising media for bakeries of your size and type are network-affiliated TV, billboards, and general adult radio stations.

SBSG 2

Running a Business

Bakery

Information from Trade Association, Quarter 3, Year 1 (July 1 - September 30)

Better street lighting in the neighborhood of wholesale businesses tends to reduce burglaries, as well as street crimes.

SBSG 2

Running a Business

Bakery

Information from Trade Association, Quarter 1, Year 2 (January 1 - March 30)

Wholesale bakeries can often participate effectively in community sales or celebrations by giving out sample-size loaves of bread. These samples serve as good advertising.

SBSG 2

Running a Business

Bakery

Information from Trade Association, Quarter 2, Year 2 (April 1 - June 30)

Elderly people buy more high quality white bread than any other age group, but less specialty bread than younger people.

SBSG 2

Running a Business

Restaurant

Information from Trade Association, Quarter 2, Year 1 (April 1 - June 30)

Research has shown that the most effective advertising media for restaurants of your type are newspapers and flyers or direct mail.

SBSG 2

Running a Business

Restaurant

Information from Trade Association, Quarter 3, Year 1 (July 1 - September 30)

Regularity and frequency of advertising strongly influence effectiveness of an advertising medium. One advertisement usually has little effect. Expensive media should not be used unless you can afford to use them regularly.

SBSG 2

Running a Business

Restaurant

Information from Trade Association, Quarter 2, Year 2 (April 1 - June 30)

Promotional activities are very important, but many restaurants do not use them enough. Some ideas for promotions, depending on the type of restaurant, are reduced rates for certain groups at occasions, birthday and anniversary cakes for customers, children's birthday club, all you can eat specials.

SBSG 2

Running a Business

Restaurant

Information from Trade Association, Quarter 3, Year 2 (July 1 - September 30)

Elderly people eat out more often than any other age group.

SBSG 2

Running a Business

Dry Cleaner

Information from Trade Association, Quarter 2, Year 1 (April - June 30)

Research has shown that the most effective advertising media for small dry cleaners in your type of location are community newspapers and flyers or direct mail advertising.

SBSG 2

Running a Business

Dry Cleaner

Information from Trade Association, Quarter 3, Year 1 (July 1 - September 30)

Research has shown that dry cleaners do not offer enough special sales on dry cleaning. Offering lower prices on certain cleaning services for a limited period of time or for special occasions can add substantially to sales for that period.

SBSG 2

Running a Business

Dry Cleaner

Information from Trade Association, Quarter 4, Year 1 (October 1 - December 31)

The trade association provides you with plans for building a storage area for out-of-season clothes. The storage area can be built for $500, according to their plans.

SBSG 2

Running a Business

Dry Cleaner

Information from Trade Association, Quarter 3, Year 2 (July 1 - September 30)

The group most likely to use the delivery service from a dry cleaner is the elderly. While middle and high income groups use delivery service the most, even low income elderly use it extensively.

BRENTWOOD MERCHANTS' ASSOCIATION

AGENDA FOR FIRST MEETING (APRIL 1)

Report on Past Activities:

1. At the last meeting of the Merchants' Association, the owner of the parking garage in the 4100 block of Main Street made the following proposal: He will grant members of the association Park & Shop privileges in his garage for $300 a quarter (half of his normal rate), if the association will pay him a yearly fee, and if at least 30 members agree to take advantage of the service. At the last meeting, 28 members said that they would be interested; if two more members agree to participate, the association will adopt the plan. The Merchants' Association's share of the cost (the yearly fee to be paid to the garage owner) would come out of the association's general funds and would not require a contribution from members not participating in the Park & Shop plan. (Under the Park & Shop plan, customers of participating merchants can park in the garage free of charge.)

2. Over the last five years several neighborhoods throughout Calverton have successfully campaigned for improved street lighting. The new, brighter street lights have led to reduced crime and increased night business in the areas where they have been installed. Improved street lighting is paid for by bond issues and must be approved by the voters in a referendum in a general election. In most areas, the movement for improved street lighting has been started by a merchants' or neighborhood association.

   Since the last meeting of the Merchants' Association, several members have expressed interest in getting brighter street lights for Brentwood. They have suggested that the need for improved street lighting be discussed by the association and that plans be made for getting the issue on the ballot in the next general election, if the membership feels it is a worthwhile project.

   To get the issue on the ballot, a petition drive must be held in Homeleigh. The next general election is in November; petitions must be submitted by June 30 for a bonding issue to be placed on the ballot. A petition drive would require donations of time from members of the Merchants' Association; successful petition drives usually take a total of about 250 hours of volunteer time from members of the sponsoring organization. Members working on the petition drive will need to hire students to work in their businesses during the time they donate to the drive; these students would be paid $2.00/hour. (Because this is inexperienced help, business may decline slightly during the drive.) Donations of money to pay for advertising may also be needed.

If the petition drive is successful, the issue will be placed on the November general election ballot; members of the association would then need to campaign for its passage. (Plans for this campaign would be made at the September 30 meeting of the Merchants' Association.)

3. Cooperative advertising has been popular among members of the Merchants' Association in the past. In some cases, the Merchants' Association itself has taken out ads in the community and city newspapers, promoting the entire community, with all members participating. Since there are over 50 members, the cost to each member is small; the ads are paid for by contributions from the members, rather than out of general funds. In other cases, two or more businesses have simply joined together to take out a cooperative ad mentioning both businesses; they then split the cost of the ad.

Agenda for First Meeting

1. Election of Chairperson.
2. Discussion and vote on Park & Shop question.
3. Discussion of street lighting referendum.

BRENTWOOD MERCHANTS' ASSOCIATION

CHAIRPERSON'S REPORT

Meeting # ____________

Issue ______________________________
Action Taken ______________________________
____

Business	Contribution Promised	Actual Contribution
Bakery		
Stationer		
Florist		
Restaurant		
Cleaner		
Newspaper		
TOTAL		

Issue ______________________________
Action Taken ______________________________
____

Business	Contribution Promised	Actual Contribution
Bakery		
Stationer		
Florist		
Restaurant		
Cleaner		
Newspaper		
TOTAL		

Issue ______________________________
Action Taken ______________________________
____

Business	Contribution Promised	Actual Contribution
Bakery		
Stationer		
Florist		
Restaurant		
Cleaner		
Newspaper		
TOTAL		

INFORMATION FOR CHAIRPERSON OF BRENTWOOD MERCHANTS' ASSOCIATION *

Meeting #2 (to be held September 30)

A. If the petition drive to get the street lighting bonding issue on the November ballot was successful, the Association now needs to make plans for an election campaign for passage of the issue. Successful campaigns of this type usually take a total of about 250 hours of volunteer time from members of the sponsoring organization; once again students would need to be hired at $2.00/hour to work in the businesses of those members involved in the campaign. Donations of money for advertising will also be needed; advertising is even more important during an election campaign than during a petition drive.

B. A suggestion has been made that the Merchants' Association sponsor community Christmas decorations this year. Christmas decorations were not put up last year because much of the material owned by the association has deteriorated to the point where it is no longer usable. Christmas sales dropped below their previous level last year. $500 are needed from each member to purchase new street decorations, including a large tree in the Main Street Park. The City of Calverton provides free electricity for community Christmas lighting, as well as crews to put up and take down the decorations.

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* (To be given to Chairperson at beginning of Quarter 3, Year 1)

INFORMATION FOR CHAIRPERSON OF BRENTWOOD MERCHANTS' ASSOCIATION*

Meeting #3 (to be held April 1)

A. Several members have suggested that the Merchants' Association sponsor a community Fourth of July celebration this year. Suggestions for activities have included a parade, a concert, special activities in the park at Main and Honeycutt, closing Main Street during the celebration from Honeycutt to Park, free ice cream donated by the Merchants' Association, and a fireworks display. A special area-wide sale or sales by individual businesses could also be held. Total cost to the Merchants' Association for decorations and special events would be about $3000 -- $60.00 from each of its 50 members.

B. The City Parks Department would like to build a new playground at Winchester and Jefferson, but no funds are available for playground equipment. If $5000 can be raised from the business community -- $100 per merchant -- for equipment, the city will proceed with its plans.

* (To be given to Chairperson at beginning of Quarter 1, Year 2)

INFORMATION FOR CHAIRPERSON OF BRENTWOOD MERCHANTS' ASSOCIATION*

Meeting #4 (to be held September 30)

The urban planning firm of Williams, Wade and Bruce had been hired by the Merchants' Association 18 months ago to devise a master plan for improving the Homeleigh business district. Their plan has been completed and needs to be presented to the Association. Their program consists of six projects. Any project could be done individually or combined with any other; however, if all six are done at the same time, considerable total savings are projected. Unless otherwise noted, the projects would have to be paid for in advance. All members of the association must agree to participate in the projects to be undertaken. The projects and their cost are:

1. Employment of a private sidewalk cleaner. He would use a parking lot vacuum on all business sidewalks early mornings, twice weekly. This service would cost $5000 annually; $100 per member (to be paid at the rate of $25.00 per quarter).

2. Placement of a sign identifying the Brentwood district of Calverton at each end of Main Street. Cost for two signs, including yearly maintenance for 10 years; $2000; at $40 per member.

3. Baskets of flowers to be hung from light poles through the business district. Cost for this year is estimated at $2000; $1000 for baskets, which can be used for five years, and $1000 for flowers. Cost per member is $40.

4. New sidewalks (of high-quality concrete) for the business district. The cost is $20 per linear foot of store frontage. There are 18,000 feet of sidewalk in the Brentwood business district for a total cost of $360,000; an average cost of $7200 per merchant. (The Merchants' Association can get a three-year loan for this amount; each business would then pay its share in quarterly payments of $600.)

5. Benches can be placed at intervals along the sidewalks of the business district. This encourages people to spend more time in the shopping area, and helps give a mall-like atmosphere. Thirty-six benches are planned at a cost of $250 apiece for a total cost of $9000. This comes to $180 per merchant.

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* (To be given to Chairperson at beginning of Quarter 3, Year 2)

6. Architects' sketches have been completed for a district-wide face-lift of building exteriors. If completed, each business would retain its individual identity, but all would be part of a unified style. If this project were completed along with the other five, Williams, Wade and Bruce assert that Brentwood would become an attraction for shoppers from far beyond its boundaries. They completed such a project in another city last year; that neighborhood's businesses have realized a 22% increase in sales during the year. The cost of this project is estimated at $1.25 million, or $25,000 per merchant. (The Merchants' Association can get a five-year loan for this amount; each business would then pay its share in quarterly payments of $1250.)

The total cost of all six projects is $1,628,000; if all six are done at once, the cost would be only $1,428,000 or $28,560 per business. The Merchants' Association can get a five-year loan for this amount; each business would then pay its share in quarterly payments of $1428.

ADMINISTRATOR'S KEY:
COMMUNITY PARTICIPATION POINTS

Merchants' Assoc. Meeting	Project	Time/Money Required	Number Required to Participate	Seasonal Points (front,D)	Long-Term Points (back, d)	Points Awarded to:
#1	Park & Shop	$300/quarter each	two		50	participants
	Street Lighting District Petition	# of businesses x 5 hours	any	-5		participants
	Co-op advertising	Cost of ad	any	50		participants
#2	Street Lighting District Election	# of businesses x 5 hours	any	-5		participants
					50	all
	Christmas decorations	# of businesses x $500	any	25		all
#3	Fourth of July Celebration	# of businesses x $60	any	25		all
	Fourth of July Sale	Hold a sale	any	25		participants
	Playground	# of businesses x $100	any		10	all
#4	Beautification					
	a. sidewalk cleaner	$25/quarter each	all		10	all
	b. signs	$40 each	all		5	
	c. flowers	$40 each	all		5	
	d. new sidewalks	$600/quarter each	all		25	
	e. benches	$180 each	all		20	
	f. facelift	$1250/quarter each	all		35	
	If a-f all done	$1428/quarter each	all		100	

YEAR-END WORKSHEET

Year # ________

Business Name ______________________________

Owners/Managers ______________________________

1. Depreciation of Fixed Assets

Depreciation from Year 1 ____________

Depreciation from Year 2 ____________

Total Depreciation to Date ____________

2. Reduction in Long-Term Liabilities

A. Loan Payments:

	Bank Loan	Equipment Loan	Loans From Friends/Relatives
Quarter 1			
Quarter 2			
Quarter 3			
Quarter 4			
B. Amount Owed on Loan at Beginning of Year			
Total payments(-)			
Current Amount Owed on Loan			

3. Unpaid Salaries

Quarter 1 ____________
Quarter 2 ____________
Quarter 3 ____________
Quarter 4 ____________
Total Unpaid Salaries for Year ____________

Unpaid Salaries for Previous Year (+) ____________

Unpaid Salaries to Date ____________

4. Profit or Loss for Year

Quarter 1 ____________
Quarter 2 ____________
Quarter 3 ____________
Quarter 4 ____________
Net Profit or Loss for Year ____________

YEAR-END WORKSHEET AID

1. Depreciation of Fixed Assets = Yearly Depreciation (from Expense Worksheet

2. Reduction in Long-Term Liabilities = Add Quarterly Loan Payments for each type of loan (see Profit & Loss Statements for each quarter, 2nd page)

   Amount Owed on Loan at Beginning of Year = Bank, Equipment, and Other Loans (from Balance Sheets from previous year)

   Total Payments = Sum of quarterly Loan Payments

   Current Amount Owed on Loan = Amount Owed on Loan at Beginning of Year - Total Payments

3. Unpaid Salaries = Unpaid Salaries for each quarter, if any (from Profit & Loss Statement for each quarter, 2nd page)

   Total Unpaid Salaries for Year = Sum of all unpaid salaries

   Unpaid Salaries for Previous Year = Unpaid Salaries to Date from previous Balance Sheet

   Unpaid Salaries to Date = Total Unpaid Salaries for Year + Unpaid Salaries for Previous Year

4. Profit or Loss for Year = Profit or Loss for each quarter (see Profit and Loss Statements, 2nd page)

   Net Profit or Loss for Year = Sum of quarterly profit or loss

YEAR-END BALANCE SHEET AID

1. Business Name = the name of your business

2. As of = year 1 or year 2

3. Cash = New Cash on Hand (from Profit & Loss Statement, Quarter 4, 2nd page)

4. Inventory = Inventory (from previous year's Balance Sheet)

5. Supplies = Supplies (from previous year's Balance Sheet)

6. Subtotal = Cash + Inventory + Supplies

7. Fixed = Descriptions and Amounts of Fixed Assets from previous year's Balance Sheet)

8. Value of Fixed Assets = Sum of Fixed Assets

9. Depreciation to Date = Total Depreciation to Date (from Year-End Worksheet)

10. Subtotal = Value of Fixed Assets - Depreciation to Date

11. Goodwill = Goodwill from previous year's Balance Sheet

12. Total Assets = Subtotal (step 6) + Subtotal (step 10) + Goodwill (step 11)

13. Bank Loans = Current Amount Owed on Loan (from Year-End Worksheet, Column 1)

14. Equipment Loans = Current Amount Owed on Loan (from Year-End Worksheet, column 2)

15. Other Loans = Current Amount Owed on Loan (from Year-End Worksheet, column 3)

16. Unpaid Salaries to Date = Unpaid Salaries to Date (from Year-End Worksheet)

17. Total Liabilities = Bank Loans + Equipment Loans + Other Loans + Unpaid Salaries to Date

18. Owner's Equity to Date = Total Owner's Equity (from previous year's Balance Sheet)

19. Net Profit or Loss for the year = Net Profit or Loss for year (from Year-End Worksheet)

20. Total Owner's Equity = Owner's Equity to Date + Net Profit (or Loss) for the year

21. Total Liabilities & Owner's Equity = Total Liabilities (step 17) = Total Owner's Equity (step 20)

TOTAL LIABILITIES & OWNER'S EQUITY = TOTAL ASSETS

SCORESHEET

Business Name ______________________________

Owners/Managers ______________________________

ROI (Return on Investment)

$$\text{ROI} = \frac{\text{Net Profit (Loss)}}{\text{Tangible Owner's Equity}}$$

Year 1

Total Owner's Equity __________
Goodwill (-) __________
Tangible Owner's Equity __________

ROI = $ __________ / $

ROI = __________ %

Year 2

Total Owner's Equity __________
Goodwill (-) __________
Tangible Owner's Equity __________

ROI = $ __________ / $

ROI = __________ %

ROI Chart

ROI Rate	ROI Points
Below -25%	-40
-11% to -25%	-30
-1% to -10%	-20
0	0
1% to 2%	+1
3% to 4%	+2
5% to 6%	+3
7%	+5
8% to 10%	+10
11% to 15%	+15
16% to 20%	+20
21% to 25%	+25
Above 25%	+30

Starting Score __________

Year 1 ROI Points (see chart) __________

Year 2 ROI Points (see chart) __________

Final Score __________

Score	Long-Term Profit Prospects
120 & up	Super
100-119	Excellent
90- 99	Very Good
80- 89	Good
70- 79	Fair
50- 69	Poor
Below 50	Forget it!

SBSG 2

Running a Business

Starting Demand Potential Scoresheet

Florist

Business Name ______________________ Owners/Managers ______________________

1. Marketing Plan Rating: ______

2. Suppliers:

	If Used, Check and Add		
McCoy's	______	0	
Quincy's	______	-1	______
Heinemann's	______	+2	______
Patman's -&/or- Green Hill	______	+3	______

Supplier Subtotal ______

3. LONG-TERM DEMAND POTENTIAL ______ x 10 = ☐

SBSG 2

Running a Business

Starting Demand Potential Scoresheet

Newspaper

Business Name ______________________ Owners/Managers ______________________

1. Marketing Plan Rating: ______

2. Suppliers:

	If Used, Check and Add		
Central Newspaper Suppliers	_____	0	
Calverton Printers' Supply	_____	-1	______
A-1 Paper Products Company	_____	-2	______
Greenwood's Paper Supply	_____	+2	______
Esquire Paper Company	_____	+1	______

Supplier Subtotal ______

3. LONG-TERM DEMAND POTENTIAL ______ x 10 = ☐

SBSG 2

Running a Business

Starting Demand Potential Scoresheet

Florist

Business Name ____________________ Owners/Managers ____________________

1. Marketing Plan Rating: ________

2. Suppliers: If Used, Check and Add

McCoy's	______	0	
Quincy's	______	-1	______
Heinemann's	______	+2	______
Patman's -&/or- Green Hill	______	+3	______

Supplier Subtotal ______

3. LONG-TERM DEMAND POTENTIAL ______ x 10 = ☐

SBSG 2

Running a Business

Starting Demand Potential Scoresheet

Newspaper

Business Name ____________________ Owners/Managers ____________________

1. Marketing Plan Rating: ________

2. Suppliers: If Used, Check and Add

Central Newspaper Suppliers	_____	0	
Calverton Printers' Supply	_____	-1	______
A-1 Paper Products Company	_____	-2	______
Greenwood's Paper Supply	_____	+2	______
Esquire Paper Company	_____	+1	______

Supplier Subtotal ______

3. LONG-TERM DEMAND POTENTIAL ______ x 10 = ☐

SBSG 2

Running a Business

Starting Demand Potential Scoresheet

Restaurant

Business Name ______________________ Owners/Managers ______________________

1. Marketing Plan Rating: ________

2. Suppliers: If Used, Check and Add

	If Used, Check		Add
George's Restaurant Supply	______	+1	______
Mid-City Restaurant Supply	______	-1	______
Lone Pine Restaurant Supply	______	0	______
Abbott's Meat Wholesaler Petrocelli's Wholesale Groc. Mark's Wholesale Produce Dombrowski's Bakery Lester's Uniform Service Farnsworth Paper Products	______	+2	______

Supplier Subtotal ________

3. LONG-TERM DEMAND POTENTIAL ________ x 10 = ☐

SBSG 2

Running a Business

Starting Demand Potential Scoresheet

Wholesale Stationery

Business Name ______________________ Owners/Managers ______________________

1. Marketing Plan Rating: ________

2. Suppliers: If Used, Check and Add

	If Used, Check		Add
Calverton Wholesale Stationery or Esquire Paper Company	______	+1	______
Statewide Wholesale Stationers	______	0	______
Greenwood's Paper Supply or Manufacturers	______	+2	______

Supplier Subtotal ________

3. LONG-TERM DEMAND POTENTIAL ________ x 10 = ☐

SBSG 2

Running a Business

Starting Demand Potential Scoresheet

Bakery

Business Name ____________________ Owners/Managers ____________________

1. Marketing Plan Rating:

2. Suppliers:

	If used, Check and Add		
Green's Bakery Supplies	______	0	
Metro Bakery Suppliers	______	-1	______
Sam's Bakery Supplies	______	+1	______
Ferdinand's Flour Mill -or- National Flour Company	______	+2	______

Supplier Subtotal ______

3. LONG-TERM DEMAND POTENTIAL ______ x 10 = ☐

SBSG 2

Starting Demand Potential Scoresheet

Dry Cleaner

Business Name ____________________ Owners/Managers ____________________

1. Marketing Plan Rating:

2. Suppliers:

	If Used, Check and Add		
City Cleaners Supply	______	0	
Rick's Dry Cleaning Supply	______	-1	______
Bradshaw's Cleaning Supplies	______	+1	______

Supplier Subtotal ______

3. LONG-TERM DEMAND POTENTIAL ______ x 10 = ☐

SBSG 2
Running a Business

Quarterly Demand Potential Scoresheet
Newspaper

Business Name________________ Owners/Managers________________________ Year #________

	Quarter 1			Quarter 2			Quarter 3			Quarter 4		
A. Long-term Demand Potential												
B. Total change (enter total from the next page)												
Subtotal												
C. Advertising and Promotion Type (Maximum)	Amount (Units)	Multiplier	Effect on DP	Amount (Units)	Multiplier	Effect on DP	Amount (Units)	Multiplier	Effect on DP	Amount (Units)	Multiplier	Effect on DP
1. City Newspaper		x 0 =			x 0 =			x 0 =			x 0 =	
2. Community Newspaper		x 10 =			x 10 =			x 10 =			x 10 =	
3. College Newspaper		x 0 =			x 0 =			x 0 =			x 0 =	
4. General Adult Radio Station		x 0 =			x 0 =			x 0 =			x 0 =	
5. Teenage Radio Station		x 0 =			x 0 =			x 0 =			x 0 =	
6. Easy Listening Radio Station		x 6 =			x 6 =			x 6 =			x 6 =	
7. UHF TV		x 0 =			x 0 =			x 0 =			x 0 =	
8. Network-affiliated TV		x 0 =			x 0 =			x 0 =			x 0 =	
9. Billboard		x 2 =			x 2 =			x 2 =			x 2 =	
10. Flyers/Direct Mail (20)		x 8 =			x 8 =			x 8 =			x 8 =	
11. Specialties (20)		x 4 =			x 4 =			x 4 =			x 4 =	
12. Co-operative advertising		x 50 =			x 50 =			x 50 =			x 50 =	
13. Appropriate Promotion		x 25 =			x 25 =			x 25 =			x 25 =	
D. Seasonal Community Activities												
E. Quarterly Demand Potential												

Effect of Change in Business Plan on Demand Potential

Newspaper

Item	Points	Quarter 1 Changes TO FROM	Quarter 2 Changes TO FROM	Quarter 3 Changes TO FROM	Quarter 4 Changes TO FROM
a. Suppliers					
Central Newspaper Suppliers	0				
Calverton Printers' Supply	10	- ___ + ___	- ___ + ___	- ___ + ___	- ___ + ___
A-1 Paper Products Company	20	- ___ + ___	- ___ + ___	- ___ + ___	- ___ + ___
Greenwood's Paper Supply	20	+ ___ - ___	+ ___ - ___	+ ___ - ___	+ ___ - ___
Esquire Paper Company	10	+ ___ - ___	+ ___ - ___	+ ___ - ___	+ ___ - ___
Grindon News Supply	10	- ___ + ___	- ___ + ___	- ___ + ___	- ___ + ___
b. Services & Sales Policies					
Delivery	200	+ ___ - ___	+ ___ - ___	+ ___ - ___	+ ___ - ___
Store Credit	50	+ ___ - ___	+ ___ - ___	+ ___ - ___	+ ___ - ___
c. Product/Service Line					
Appropriate Item	100	+ ___ - ___	+ ___ - ___	+ ___ - ___	+ ___ - ___
TOTAL CHANGE		___ + ___ =	___ + ___ =	___ + ___ =	___ + ___ =
d. Community Participation		___	___	___	___
TOTAL (enter on line B on the first page)		═══	═══	═══	═══

SBSG 2
Running a Business

Quarterly Demand Potential Scoresheet: Bakery

Business Name ____________ Owners/Managers ____________ Year # ________

	Quarter 1	Quarter 2	Quarter 3	Quarter 4
A. Long-term Demand Potential	____	____	____	____
B. Total change (enter total from next page)	____	____	____	____
Subtotal	☐	☐	☐	☐
C. Advertising and Promotion Type (Maximum)	Amount (Units) Multi-plier Effect on DP	Amount (Units) Multi-plier Effect on DP	Amount (Units) Multi-plier Effect on DP	Amount (Units) Multi-plier Effect on DP
1. City Newspaper	___ x 7 = ___	___ x 7 = ___	___ x 7 = ___	___ x 7 = ___
2. Community Newspaper	___ x 4 = ___	___ x 4 = ___	___ x 4 = ___	___ x 4 = ___
3. College Newspaper	___ x 2 = ___	___ x 2 = ___	___ x 2 = ___	___ x 2 = ___
4. General Adult Radio Station	___ x 10 = ___	___ x 10 = ___	___ x 10 = ___	___ x 10 = ___
5. Teenage Radio Station	___ x 3 = ___	___ x 3 = ___	___ x 3 = ___	___ x 3 = ___
6. Easy Listening Radio Station	___ x 8 = ___	___ x 8 = ___	___ x 8 = ___	___ x 8 = ___
7. UHF TV	___ x 8 = ___	___ x 8 = ___	___ x 8 = ___	___ x 8 = ___
8. Network-affiliated TV	___ x 10 = ___	___ x 10 = ___	___ x 10 = ___	___ x 10 = ___
9. Billboard	___ x 10 = ___	___ x 10 = ___	___ x 10 = ___	___ x 10 = ___
10. Flyers/Direct Mail (20)	___ x 6 = ___	___ x 6 = ___	___ x 6 = ___	___ x 6 = ___
11. Specialties (20)	___ x 4 = ___	___ x 4 = ___	___ x 4 = ___	___ x 4 = ___
12. Co-operative advertising	___ x 50 = ___	___ x 50 = ___	___ x 50 = ___	___ x 50 = ___
13. Appropriate Promotion	___ x 25 = ___	___ x 25 = ___	___ x 25 = ___	___ x 25 = ___
D. Seasonal Community Activities	___	___	___	___
E. Quarterly Demand Potential	☐	☐	☐	☐

Effect of Change in Business Plan on Demand Potential

Florist

Item	Points	Quarter 1	Quarter 2	Quarter 3	Quarter 4
		Changes TO FROM	Changes TO FROM	Changes TO FROM	Changes TO FROM
a. Suppliers					
McCoy's Wholesale Florist	0				
Quincy's Wholesale Florist	10	- ___ + ___	- ___ + ___	- ___ + ___	- ___ + ___
Heinemann's Wholesale Florist	20	+ ___ - ___	+ ___ - ___	+ ___ - ___	+ ___ - ___
Patman's Greenhouse -or- Green Hill Rose Growers	30	+ ___ - ___	+ ___ - ___	+ ___ - ___	+ ___ - ___
Power's Flower Supplier	0				
b. Services & Sales Policies					
Delivery	100	+ ___ - ___	+ ___ - ___	+ ___ - ___	+ ___ - ___
Store Credit	50	+ ___ - ___	+ ___ - ___	+ ___ - ___	+ ___ - ___
Credit Cards	50	+ ___ - ___	+ ___ - ___	+ ___ - ___	+ ___ - ___
c. Product/Service Line					
Appropriate Item	100	+ ___ - ___	+ ___ - ___	+ ___ - ___	+ ___ - ___
TOTAL CHANGE		___ + ___ =	___ + ___ =	___ + ___ =	___ + ___ =
		___	___	___	___
d. Community Participation		___	___	___	___
TOTAL (enter on line B on the first page)		___	___	___	___

SBSG 2
Running a Business

Quarterly Demand Potential Scoresheet
Wholesale Stationary

Business Name ____________ Owners/Managers ____________ Year # ____________

	Quarter 1	Quarter 2	Quarter 3	Quarter 4
A. Long-term Demand Potential	___	___	___	___
B. Total change (enter total from the next page)	___	___	___	___
Subtotal	☐	☐	☐	☐
C. Advertising and Promotion Type (Maximum)	Amount (Units) Multi-plier Effect on DP	Amount (Units) Multi-plier Effect on DP	Amount (Units) Multi-plier Effect on DP	Amount (Units) Multi-plier Effect on DP
1. City Newspaper	___ x 6 = ___	___ x 6 = ___	___ x 6 = ___	___ x 6 = ___
2. Community Newspaper	___ x 4 = ___	___ x 4 = ___	___ x 4 = ___	___ x 4 = ___
3. College Newspaper	___ x 0 = ___	___ x 0 = ___	___ x 0 = ___	___ x 0 = ___
4. General Adult Radio Station	___ x 0 = ___	___ x 0 = ___	___ x 0 = ___	___ x 0 = ___
5. Teenage Radio Station	___ x 0 = ___	___ x 0 = ___	___ x 0 = ___	___ x 0 = ___
6. Easy Listening Radio Station	___ x 0 = ___	___ x 0 = ___	___ x 0 = ___	___ x 0 = ___
7. UHF TV	___ x 0 = ___	___ x 0 = ___	___ x 0 = ___	___ x 0 = ___
8. Network-affiliated TV	___ x 0 = ___	___ x 0 = ___	___ x 0 = ___	___ x 0 = ___
9. Billboard	___ x 0 = ___	___ x 0 = ___	___ x 0 = ___	___ x 0 = ___
10. Flyers/Direct Mail (20)	___ x 10 = ___	___ x 10 = ___	___ x 10 = ___	___ x 10 = ___
11. Specialties (20)	___ x 8 = ___	___ x 8 = ___	___ x 8 = ___	___ x 8 = ___
12. Co-operative advertising	___ x 50 = ___	___ x 50 = ___	___ x 50 = ___	___ x 50 = ___
13. Appropriate Promotion	___ x 25 = ___	___ x 25 = ___	___ x 25 = ___	___ x 25 = ___
D. Seasonal Community Activities	___	___	___	___
E. Quarterly Demand Potential	☐	☐	☐	☐

Effect of Change in Business Plan on Demand Potential

Wholesale Stationery

		Quarter 1	Quarter 2	Quarter 3	Quarter 4
Item	Points	Changes TO FROM	Changes TO FROM	Changes TO FROM	Changes TO FROM
a. Suppliers					
Calverton Wholesale Stationery	10	+ ___ - ___	+ ___ - ___	+ ___ - ___	+ ___ - ___
Statewide Wholesale Stationers	0				
Greenwood's Paper Supply	20	+ ___ - ___	+ ___ - ___	+ ___ - ___	+ ___ - ___
Esquire Paper Company	10	+ ___ - ___	+ ___ - ___	+ ___ - ___	+ ___ - ___
Manufacturers	20	+ ___ - ___	+ ___ - ___	+ ___ - ___	+ ___ - ___
Apex Wholesale Stationary	0	+ ___ - ___	+ ___ - ___	+ ___ - ___	+ ___ - ___
b. Services & Sales Policies					
Delivery	100	+ ___ - ___	+ ___ - ___	+ ___ - ___	+ ___ - ___
Store Credit	50	+ ___ - ___	+ ___ - ___	+ ___ - ___	+ ___ - ___
Discounts (quantity &/or early payment)	50	+ ___ - ___	+ ___ - ___	+ ___ - ___	+ ___ - ___
c. Product/Service Line					
Appropriate Item	100	+ ___ - ___	+ ___ - ___	+ ___ - ___	+ ___ - ___
TOTAL CHANGE		___ + ___ =	___ + ___ =	___ + ___ =	___ + ___ =
		___	___	___	___
d. Community Participation		___	___	___	___
TOTAL (enter on line B on the first page)		___	___	___	___

SBSG 2
Running a Business

Quarterly Demand Potential Scoresheet
Florist

Business Name ____________ Owners/Managers ____________ Year # ________

	Quarter 1	Quarter 2	Quarter 3	Quarter 4
A. Long-term Demand Potential	___	___	___	___
B. Total change (enter total from next page)	___	___	___	___
Subtotal				
C. Advertising and Promotion Type (Maximum)	Amount (Units) Multi-plier Effect on DP	Amount (Units) Multi-plier Effect on DP	Amount (Units) Multi-plier Effect on DP	Amount (Units) Multi-plier Effect on DP
1. City Newspaper	___ x 4 = ___	___ x 4 = ___	___ x 4 = ___	___ x 4 = ___
2. Community Newspaper	___ x 10 = ___	___ x 10 = ___	___ x 10 = ___	___ x 10 = ___
3. College Newspaper	___ x 8 = ___	___ x 8 = ___	___ x 8 = ___	___ x 8 = ___
4. General Adult Radio Station	___ x 2 = ___	___ x 2 = ___	___ x 2 = ___	___ x 2 = ___
5. Teenage Radio Station	___ x 4 = ___	___ x 4 = ___	___ x 4 = ___	___ x 4 = ___
6. Easy Listening Radio Station	___ x 6 = ___	___ x 6 = ___	___ x 6 = ___	___ x 6 = ___
7. UHF TV	___ x 2 = ___	___ x 2 = ___	___ x 2 = ___	___ x 2 = ___
8. Network-affiliated TV	___ x 1 = ___	___ x 1 = ___	___ x 1 = ___	___ x 1 = ___
9. Billboard	___ x 2 = ___	___ x 2 = ___	___ x 2 = ___	___ x 2 = ___
10. Flyers/Direct Mail (20)	___ x 8 = ___	___ x 8 = ___	___ x 8 = ___	___ x 8 = ___
11. Specialties (20)	___ x 4 = ___	___ x 4 = ___	___ x 4 = ___	___ x 4 = ___
12. Co-operative advertising	___ x 50 = ___	___ x 50 = ___	___ x 50 = ___	___ x 50 = ___
13. Appropriate Promotion	___ x 25 = ___	___ x 25 = ___	___ x 25 = ___	___ x 25 = ___
D. Seasonal Community Activities	___	___	___	___
E. Quarterly Demand Potential				

Effect of Changes in Business Plan on Demand Potential

Bakery

Item	Points	Quarter 1		Quarter 2		Quarter 3		Quarter 4	
		Changes TO	FROM	Changes TO	FROM	Changes TO	FROM	Changes TO	FROM
a. Suppliers									
Green's Bakery Supplier	0								
Metro Bakery Suppliers	10	- ___	+ ___	- ___	+ ___	- ___	+ ___	- ___	+ ___
Sam's Bakery Supplier	10	+ ___	- ___	+ ___	- ___	+ ___	- ___	+ ___	- ___
Ferdinand's Flour Mill National Flour Company Wheat Cooperative	20	+ ___	- ___	+ ___	- ___	+ ___	- ___	+ ___	- ___
b. Services & Sales Policies									
Delivery									
daily	150	+ ___	- ___	+ ___	- ___	+ ___	- ___	+ ___	- ___
every other day	100	+ ___	- ___	+ ___	- ___	+ ___	- ___	+ ___	- ___
Store Credit	50	+ ___	- ___	+ ___	- ___	+ ___	- ___	+ ___	- ___
Discounts (quantity &/or early payment)	50	+ ___	- ___	+ ___	- ___	+ ___	- ___	+ ___	- ___
c. Product/Service Line									
Appropriate item	100	+ ___	- ___	+ ___	- ___	+ ___	- ___	+ ___	- ___
TOTAL CHANGE		___ + ___ =		___ + ___ =		___ + ___ =		___ + ___ =	
		___		___		___		___	
d. Community Participation		___		___		___		___	
TOTAL (enter on line B on the first page)		═══		═══		═══		═══	

SBSG 2
Running a Business

Quarterly Demand Potential Scoresheet
Restaurant

Business Name ______________ Owners/Managers ______________________ Year # ______

	Quarter 1	Quarter 2	Quarter 3	Quarter 4
A. Long-term Demand Potential	___	___	___	___
B. Total change (enter total from the next page)	___	___	___	___
Subtotal				
C. Advertising and Promotion Type (Maximum)	Amount (Units) Multiplier Effect on DP	Amount (Units) Multiplier Effect on DP	Amount (Units) Multiplier Effect on DP	Amount (Units) Multiplier Effect on DP
1. City Newspaper	___ x 8 = ___	___ x 8 = ___	___ x 8 = ___	___ x 8 = ___
2. Community Newspaper	___ x 10 = ___	___ x 10 = ___	___ x 10 = ___	___ x 10 = ___
3. College Newspaper	___ x 8 = ___	___ x 8 = ___	___ x 8 = ___	___ x 8 = ___
4. General Adult Radio Station	___ x 4 = ___	___ x 4 = ___	___ x 4 = ___	___ x 4 = ___
5. Teenage Radio Station	___ x 4 = ___	___ x 4 = ___	___ x 4 = ___	___ x 4 = ___
6. Easy Listening Radio Station	___ x 6 = ___	___ x 6 = ___	___ x 6 = ___	___ x 6 = ___
7. UHF TV	___ x 2 = ___	___ x 2 = ___	___ x 2 = ___	___ x 2 = ___
8. Network-affiliated TV	___ x 2 = ___	___ x 2 = ___	___ x 2 = ___	___ x 2 = ___
9. Billboard	___ x 1 = ___	___ x 1 = ___	___ x 1 = ___	___ x 1 = ___
10. Flyers/Direct Mail (20)	___ x 8 = ___	___ x 8 = ___	___ x 8 = ___	___ x 8 = ___
11. Specialties (20)	___ x 6 = ___	___ x 6 = ___	___ x 6 = ___	___ x 6 = ___
12. Co-operative advertising	___ x 50 = ___	___ x 50 = ___	___ x 50 = ___	___ x 50 = ___
13. Appropriate Promotion	___ x 25 = ___	___ x 25 = ___	___ x 25 = ___	___ x 25 = ___
D. Seasonal Community Activities	___	___	___	___
E. Quarterly Demand Potential				

Effect of Change in Business Plan on Demand Potential

Restaurant

Item	Points	Quarter 1 Changes TO FROM	Quarter 2 Changes TO FROM	Quarter 3 Changes TO FROM	Quarter 4 Changes TO FROM
a. Suppliers					
George's Restaurant Supply	10	+ ___ - ___	+ ___ - ___	+ ___ - ___	+ ___ - ___
Mid-City Restaurant Supply	10	- ___ + ___	- ___ - ___	+ ___ - ___	+ ___ - ___
Lone Pine Restaurant Supply	0				
Abbott's Meat Wholesaler Mark's Wholesale Produce Petrocelli's Wholesale Groc. Farnsworth Paper Products Dombrowski's Bakery Lester's Uniform Service	20	+ ___ - ___	+ ___ - ___	+ ___ - ___	+ ___ - ___
Bowman's Restaurant Supply	0				
b. Services & Sales Policies					
Store Credit	25	+ ___ - ___	+ ___ - ___	+ ___ - ___	+ ___ - ___
Credit Cards	50	+ ___ - ___	+ ___ - ___	+ ___ - ___	+ ___ - ___
c. Product/Service Line					
Appropriate Item	100	+ ___ - ___	+ ___ - ___	+ ___ - ___	+ ___ - ___
TOTAL CHANGE		___ + ___ =	___ + ___ =	___ + ___ =	___ + ___ =
		___	___	___	___
d. Community Participation		___	___	___	___
TOTAL (enter on line B on the first page)		___	___	___	___

SBSG 2
Running a Business

Quarterly Demand Potential Scoresheet
Dry Cleaner

Business Name ____________ Owners/Managers ____________ Year # ________

	Quarter 1	Quarter 2	Quarter 3	Quarter 4
A. Long-term Demand Potential	___	___	___	___
B. Total change (enter total from next page)	___	___	___	___
Subtotal	☐	☐	☐	☐
C. Advertising and Promotion Type (Maximum)	Amount (Units) Multiplier Effect on DP	Amount (Units) Multiplier Effect on DP	Amount (Units) Multiplier Effect on DP	Amount (Units) Multiplier Effect on DP
1. City Newspaper	___ x 4 = ___	___ x 4 = ___	___ x 4 = ___	___ x 4 = ___
2. Community Newspaper	___ x 10 = ___	___ x 10 = ___	___ x 10 = ___	___ x 10 = ___
3. College Newspaper	___ x 6 = ___	___ x 6 = ___	___ x 6 = ___	___ x 6 = ___
4. General Adult Radio Station	___ x 3 = ___	___ x 3 = ___	___ x 3 = ___	___ x 3 = ___
5. Teenage Radio Station	___ x 2 = ___	___ x 2 = ___	___ x 2 = ___	___ x 2 = ___
6. Easy Listening Radio Station	___ x 4 = ___	___ x 4 = ___	___ x 4 = ___	___ x 4 = ___
7. UHF TV	___ x 2 = ___	___ x 2 = ___	___ x 2 = ___	___ x 2 = ___
8. Network-affiliated TV	___ x 2 = ___	___ x 2 = ___	___ x 2 = ___	___ x 2 = ___
9. Billboard	___ x 2 = ___	___ x 2 = ___	___ x 2 = ___	___ x 2 = ___
10. Flyers/Direct Mail (20)	___ x 10 = ___	___ x 10 = ___	___ x 10 = ___	___ x 10 = ___
11. Specialties (20)	___ x 4 = ___	___ x 4 = ___	___ x 4 = ___	___ x 4 = ___
12. Co-operative advertising	___ x 50 = ___	___ x 50 = ___	___ x 50 = ___	___ x 50 = ___
13. Appropriate Promotion	___ x 25 = ___	___ x 25 = ___	___ x 25 = ___	___ x 25 = ___
D. Seasonal Community Activities	___	___	___	___
E. Quarterly Demand Potential	☐	☐	☐	☐

Effect of Changes in Business Plan on Demand Potential

Dry Cleaner

Item	Points	Quarter 1	Quarter 2	Quarter 3	Quarter 4
		Changes TO FROM	Changes TO FROM	Changes TO FROM	Changes TO FROM
a. Suppliers					
City Cleaners Supply	0				
Rick's Dry Cleaning Supply	10	- ___ + ___	- ___ + ___	- ___ + ___	- ___ + ___
Bradshaw's Cleaning Supply	10	+ ___ - ___	+ ___ - ___	+ ___ - ___	+ ___ - ___
Downtown Discount	20	- ___ + ___	- ___ + ___	- ___ + ___	- ___ + ___
b. Services & Sales Policies					
Delivery	50	+ ___ - ___	+ ___ - ___	+ ___ - ___	+ ___ - ___
Store Credit	25	+ ___ - ___	+ ___ - ___	+ ___ - ___	+ ___ - ___
c. Product/Service Line					
Appropriate Item	100	+ ___ - ___	+ ___ - ___	+ ___ - ___	+ ___ - ___
TOTAL CHANGE		___ + ___ =	___ + ___ =	+ ___ + ___ =	___ + ___ =
		___	___	___	___
d. Community Participation		___	___	___	___
TOTAL (enter on line B on the first page)		___	___	___	___

SBSG 2

Running a Business

Administrator's Key: Amounts to be added (or Subtracted) Per Quarter for Changes In:

	Bakery	Dry Cleaner	Florist	Newspaper	Restaurant	Wholesale Stationery
Delivery:	daily--$3,000 every other day--$2,000	$250	$375	carriers--$475 mailed --$720	0	$375
Memberships:						
Chamber of Commerce	12.50	12.50	12.50	12.50	12.50	12.50
Trade Association	25.00	25.00	25.00	25.00	25.00	25.00
C. of C. & Trade Assn.	37.50	37.50	37.50	37.50	37.50	37.50
Insurance						
Fire	625.00	150.00	37.50	100.00	75.00	100.00
Liability	50.00	37.50	37.50	50.00	50.00	50.00
Crime	150.00	37.50	50.00	25.00	25.00	50.00
Auto	375.00	50.00	50.00	37.50		50.00
Glass		62.50	62.50	62.50	62.50	

Group Health:

If Member of Trade Assn. -----------------2% of Payroll ÷ 4 ---------------------------

If Not Member of Trade Assn. ------------ 5% of Payroll ÷ 4 --------------------------

Group Life:

If Member of Trade Assn. --------------- 1% of Payroll ÷ 4 --------------------------

If Not Member of Trade Assn. ----------- 3% of Payroll ÷ 4 --------------------------

SBSG 2

Running a Business

Sales Chart--Newspaper

Regular Sales

Quarterly Demand Potential	Sales	Cost of Sales	Gross Margin	Number of Employees Required
225	$54,250	$16,275	$37,975	14
250	55,000	16,500	38,500	
275	55,750	16,725	39,025	14.5
300	56,500	16,950	39,550	
350	57,250	17,175	40,075	15
400	58,000	17,400	40,600	
450	58,750	17,625	41,125	
500	59,500	17,850	41,650	15.5
550	60,250	18,075	42,175	
600	61,000	18,300	42,700	16
675	61,750	18,525	43,225	
750	62,500	18,750	43,750	
825	63,250	18,975	44,275	16.5
900	64,000	19,200	44,800	
1000	64,750	19,425	45,325	17
1100	65,500	19,650	45,850	
1200	66,250	19,875	46,375	
1300	67,000	20,100	46,900	17.5
1500	67,750	20,325	47,425	
1700	68,500	20,550	47,950	18
1900	69,250	20,775	48,475	
2100	70,000	21,000	49,000	
2400	70,750	21,225	49,525	18.5
2700	71,500	21,450	50,050	
3100	72,250	21,675	50,575	19
3500	73,000	21,900	51,100	
4000	73,750	22,125	51,625	

Seasonal or One-Time Sales

	Sales	Cost of Sales	Gross Margin
Year 1, Quarter 3	$5000	$1500	$3500
Year 1 Quarter 4	2000	600	1400
Year 2, Quarter 2	500	150	350
Year 2, Quarter 3	1000	300	700
Year 2, Quarter 4	900	270	630

SBSG 2

Running a Business

Sales Chart--Florist

	Regular Sales			
Quarterly Demand Potential	Sales	Cost of Sales	Gross Margin	Number of Employees Required
300	$10,075	$4,735	$5,340	2
330	10,325	4,853	5,472	
360	10,575	4,970	5,605	
390	10,825	5,088	5,737	
420	11,075	5,205	5,870	
450	11,325	5,323	6,002	
480	11,575	5,440	6,135	
520	11,825	5,558	6,267	
560	12,075	5,675	6,400	
600	12,325	5,793	6,532	
640	12,575	5,910	6,665	
680	12,825	6,028	6,797	
720	13,075	6,145	6,930	
760	13,325	6,263	7,062	
800	13,575	6,380	7,195	
850	13,825	6,498	7,327	2.5
900	14,075	6,615	7,460	
950	14,325	6,733	7,592	
1000	14,575	6,850	7,725	
1100	14,825	6,968	7,857	
1200	15,075	7,085	7,990	
1300	15,325	7,203	8,122	
1400	15,575	7,320	8,255	
1600	15,825	7,438	8,387	
1800	16,075	7,555	8,520	
2000	16,325	7,673	8,652	3

	Seasonal or One-Time Sales		
	Sales	Cost of Sales	Gross Margin
Year 1, Quarter 2	$1,500	$720	$780
Year 1, Quarter 3	(2,000)	(960)	(1,040)
Year 1, Quarter 4	$1,500 (2,400)	$720 (1,152)	$780 (1,248)
Year 2, Quarter 1	$750 (2,000)	$360 (960)	$390 (1,040)
Year 2, Quarter 2	$1,700 (3,000)	$816 (1,440)	$884 (1,560)
Year 2, Quarter 3	(2,500)	(1,200)	(1,300)
Year 2, Quarter 4	$1750 (2,600)	$840 (1,248)	$910 (1,352)

(Add figures in parentheses only if arrangement was made with wedding consultants.)

SBSG 2
Running a Business
Sales Chart--Wholesale Stationery

Regular Sales

Quarterly Demand Potential	Sales	Cost of Sales	Gross Margin	Number of Employees Required
250	$43,000	$29,240	$13,760	6.5
275	43,875	29,835	14,040	
300	44,750	30,430	14,320	
325	45,625	31,025	14,600	7
360	46,500	31,620	14,880	
400	47,375	32,215	15,160	
450	48,250	32,810	15,440	
500	49,125	33,405	15,720	7.5
550	50,000	34,000	16,000	
600	50,875	34,595	16,280	
650	51,750	35,190	16,560	8
700	52,625	35,785	16,840	
775	53,500	36,380	17,120	
850	54,375	36,975	17,400	
925	55,250	37,570	17,680	8.5
1000	56,125	38,165	17,960	
1075	57,000	38,760	18,240	
1150	57,875	39,355	18,520	9
1225	58,750	39,950	18,800	
1300	59,625	40,545	19,080	
1400	60,500	41,140	19,360	
1500	61,375	41,735	19,640	9.5
1600	62,250	42,330	19,920	
1700	63,125	42,925	20,200	
1900	64,000	43,520	20,480	10
2100	64,875	44,115	20,760	
2300	65,750	44,710	21,040	

Seasonal or One-Time Sales

	Sales	Cost of Sales	Gross Margin
Year 1, Quarter 2	$3500	$2380	$1120
Year 1, Quarter 4	3000	2040	960
Year 2, Quarter 2	4000	2720	1280
Year 2, Quarter 4	3500	2380	1120

SBSG 2

Running a Business

Sales Chart--Bakery

Regular Sales

Quarterly Demand Potential	Sales	Cost of Sales	Gross Margin	Number of Employees Required
210	$180,000	$117,000	$63,000	31
220	182,500	118,625	63,875	31.5
230	185,000	120,250	64,750	32
250	187,500	121,875	65,625	
275	190,000	123,500	66,500	32.5
300	192,500	125,125	67,375	33
350	195,000	125,750	68,250	33.5
400	197,500	128,375	69,125	34
450	200,000	130,000	70,000	
500	202,500	131,625	70,875	34.5
550	205,000	133,250	71,750	35
600	207,500	134,875	72,625	35.5
700	210,000	136,000	73,500	
800	212,500	138,125	74,375	36
900	215,000	139,750	75,250	36.5
1000	217,500	141,375	76,125	37
1150	220,000	143,000	77,000	37.5
1300	222,500	144,625	77,875	
1450	225,000	146,250	78,750	38
1600	227,500	147,875	79,625	38.5
1900	230,000	149,500	80,500	39
2200	232,500	151,125	81,375	39.5
2500	235,000	152,750	82,250	
3000	237,500	154,375	83,125	40
3500	240,000	156,000	84,000	40.5

Seasonal or One-Time Sales

	Sales	Cost of Sales	Gross Margin
Year 1, Quarter 2	$20,000	$13,000	$7,000
Year 1, Quarter 3	20,000	13,000	7,000
Year 2, Quarter 2	21,800	14,170	7,630
Year 2, Quarter 3	20,000	13,000	7,000

SBSG 2

Running a Business

Sales Chart--Restaurant

Regular Sales				
Quarterly Demand Potential	Sales	Cost of Sales	Gross Margin	Number of Employees Required
285	$17,000	$6,800	$10,200	4.5
300	17,500	7,000	10,500	
325	18,000	7,200	10,800	
350	18,500	7,400	11,100	
375	19,000	7,600	11,400	5
400	19,500	7,800	11,700	
450	20,000	8,000	12,000	
500	20,500	8,200	12,300	
550	21,000	8,400	12,600	5.5
600	21,500	8,600	12,900	
650	22,000	8,800	13,200	
700	22,500	9,000	13,500	
750	23,000	9,200	13,800	
825	23,500	9,400	14,100	6
900	24,000	9,600	14,400	
975	24,500	9,800	14,700	
1050	25,000	10,000	15,000	
1125	25,500	10,200	15,300	6.5
1200	26,000	10,400	15,600	
1275	26,500	10,600	15,900	
1350	27,000	10,800	16,200	
1425	27,500	11,000	16,500	7
1500	28,000	11,200	16,800	
1600	28,500	11,400	17,100	
1700	29,000	11,600	17,400	
1800	29,500	11,800	17,700	7.5
1900	30,000	12,000	18,000	

Seasonal or One-Time Sales			
	Sales	Cost of Sales	Gross Margin
Year 1, Quarter 3	$2000	$800	$1200
Year 1, Quarter 4	1000	400	600
Year 2, Quarter 1	750	300	450
Year 2, Quarter 2	1500	600	900
Year 2, Quarter 3	2000	800	1200
Year 2, Quarter 4	1500	600	900

SBSG 2
Running a Business
Sales Chart--Dry Cleaners

Regular Sales

Quarterly Demand Potential	Sales	Cost of Sales	Gross Margin	Number of Employees Required
300	$12,000	$4,680	$ 7,320	2
325	12,250	4,777	7,473	
350	12,500	4,875	7,625	
375	12,750	4,972	7,778	2.5
400	13,000	5,070	7,930	
425	13,250	5,167	8,083	
450	13,500	5,265	8,235	
480	13,750	5,362	8,388	
510	14,000	5,460	8,540	
540	14,250	5,557	8,693	
580	14,500	5,655	8,845	
630	14,750	5,752	8,998	
680	15,000	5,850	9,150	3
730	15,250	5,947	9,303	
790	15,500	6,045	9,455	
850	15,750	6,142	9,608	
910	16,000	6,240	9,760	
970	16,250	6,337	9,913	
1030	16,500	6,435	10,065	
1100	16,750	6,532	10,218	
1170	17,000	6,630	10,370	
1250	17,250	6,727	10,523	3.5
1350	17,500	6,825	10,675	
1450	17,750	6,922	10,828	
1550	18,000	7,020	10,980	
1700	18,250	7,117	11,133	
1850	18,500	7,215	11,285	

Seasonal or One-Time Sales

	Sales	Cost of Sales	Gross Margin
Year 1, Quarter 3	$450	$175	$275
Year 2, Quarter 2	1000	390	610
Year 2, Quarter 3	1475	575	900
Year 2, Quarter 4	1000	390	610